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Reconceptualizing the British state: theoretical and empirical challenges to central government  
Martin J. Smith

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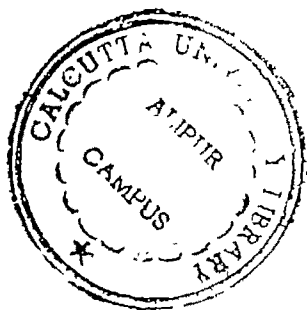
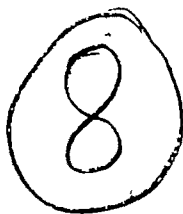
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Reshaping the democratic state: Swedish experiences in a comparative perspective  
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# Public Administration

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# POLITICAL RESPONSIBILITY FOR UK PRISON SECURITY – MINISTERS ESCAPE AGAIN

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ANTHONY BARKER

Two very serious prison escape attempts in 1994–5 prompted the Home Secretary, Michael Howard, to dismiss the Prison Service head, Derek Lewis (a contracted businessman) who successfully sued for full compensation and costs. This sacking and law suit were unprecedented events which highlighted familiar tensions about the 'policy' and 'administrative' ('operational') distinction and what passes for the theory of individual ministerial responsibility to Parliament. This article reviews four serious prison security failures in England and Northern Ireland since 1983 and the standard ministerial posture blaming operational error rather than their own policy framework. Drawing on interviews with relevant senior figures, the exceptionally politically sensitive case of executive agency status for the Prison Service of England and Wales is considered. The 'Lewis vs. Howard' affair is placed in its context of the increasingly managerial ambitions of both 'incomer' and career civil servants which conflict with traditionally comprehensive, but symbolic, ministerial responsibility.

## INTRODUCTION: 'LEWIS vs. HOWARD' AND THE AGENCY RELATIONSHIP

In October 1995 the British Constitution in general, and the remnants of its so-called doctrine of 'individual ministerial responsibility' in particular, suffered a sharp attack of colic. The Home Secretary, Michael Howard, first requested the resignation of the chief official (director general) of the Home Office's Prison Service, Derek Lewis, and then (following a refusal) dismissed him with immediate effect. The reason given was the radical criticism of the service's management in the official inquiry report into prison security in general and the recent serious break-out from Parkhurst Prison (with an earlier one from Whitemoor Prison four months before) (Learmont 1995). Lewis responded immediately with an elaborate critique of the Learmont report and the Home Office and Home Secretary's own roles in the relevant matters. He followed up with an unprecedented court action for unlawful breach of his personal contract as a senior official who had been head-hunted specially (and highly controversially) from a commercial firm as prisons director general by Howard's predecessor, Kenneth Clarke. Lewis

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Anthony Barker is Reader in Government at the University of Essex. He acknowledges support from ESRC project, R000235959 (1995–6) which included study of recent prison security inquiry reports.

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in effect won this unique action in Spring, 1996 without a trial. If it had gone to trial, the issues of the brief but bilious public row of September, 1995 could have been much more fully rehearsed. This process would have been aided by Lewis's probably seeing and citing in court (the 'discovery' process) many Home Office papers recording the highly active and sensitive working relationship of that department to its Prison Service since agency status and Lewis's service as chief executive had both begun in April, 1993. The more Howard, his junior minister for prisons, Michael Forsyth, or their officials had asked or had been told about operational issues, the more responsible Howard potentially became at that level (*The Independent*, 17, 18, 19, 21 October 1995; *The Guardian*, 17, 18, 19 October 1995). This issue of 'policy' and 'operations' is explored here in the peculiarly politically sensitive field of prison security (Massey 1995).

The Lewis-Howard dispute has been unprecedented in its form, notably Lewis's law suit, but conventional in its substance. Howard took the usual ministerial line when administrative failure is revealed, claiming that managers, not ministers, are responsible and culpable for 'human error' among their staffs: ministers need not and should not also resign. In response, Lewis implicated the Home Office and Howard himself in the causes of operational failure (implying that he, Lewis, should not resign, or be dismissed, alone). He also criticized the Learmont report as inaccurate: the first time this standard type of elaborate study by outside figures of high formal standing had been publicly attacked by a dismissed or compulsorily retired civil servant. He was to resume this assault on Learmont and his work in his book, *Hidden Agendas* (Lewis 1997). No Home, Scottish or Northern Ireland Secretary has resigned in modern times following the revelation of serious errors in the running of the three UK prison systems, nor have junior ministers with designated prison responsibilities done so.

The purpose of this commentary is to review the Whitemoor-Parkhurst Prison break-outs of 1994-95, preceded by those from the Maze and Brixton Prisons (1983 and 1991) in order to question whether the conventional debate on policy vs. administrative responsibility and culpability is of any serious use in such a sensitive field as prison security. If it is not, the wisdom of putting this government function on to the executive agency basis (which largely assumes a policy-administration divide) may be doubted (Talbot 1995). There could well be political benefits for a department or minister formally setting up an agency, while keeping as much operational control as before. Finally, this article reviews briefly the wider changes in Whitehall's operations and attitudes to more 'positive' management, derived from new public management ideas. These changes will probably make the conventional debates about ministers' responsibility for 'policy' and officials' responsibility for 'administration' or 'operations' even more arcane. The doctrine of individual ministerial responsibility, which rests so uneasily upon these debates, will become even more anachronistic (Marshall 1984, 1989; Turpin 1994; Woodhouse 1994, 1997). Ultimately, only

an acceptance by MPs of a less direct but more plainly articulated political relationship with ministers in their role as department heads and sponsors of the new executive agencies can permit a resolution of the 'ministers-management' conundrum (Barker 1996).

### **INQUIRY REPORTS AND MINISTERS' RESPONSIBILITY FOLLOWING FOUR PRISON SECURITY FAILURES, 1983-95: THE MAZE, BRIXTON, WHITEMOOR AND PARKHURST**

On each occasion of these four very serious failures of prison security the Secretary of State for Northern Ireland or Home Secretary and their junior ministers for prisons declined to resign because they rejected either direct or symbolic ('vicarious') political responsibility.

#### **The Maze 1983**

Loss of 38 IRA prisoners: it remains the UK's most serious prison escape; violence, including guns and murderous threats, were used.

#### *Foreground facts*

The official inquiry by the Chief Inspector of Prisons (Hennessy 1984) found: grossly slack management and routine supervision, with guard points and gates unstaffed on that Sunday afternoon; poor searching of visitors had allowed in guns, which greatly worsened the break-out with death threats to staff; some IRA prisoners had been appointed as key-carrying orderlies and those keys then used in the escape; generally, staff were lulled and tricked into dangerously low vigilance.

#### *Background facts*

Sir James Hennessy also reported that 'many' Maze and other Northern Ireland prison governors and staff had claimed to him that officially ordered 'appeasement' of republican terrorist prisoners (wishing to be key-carrying orderlies or to be allowed prison work as a reward for ending the recent hunger strike campaign) had sapped their control, leading to slack security. Generally, ministerial policy since the gruesome hunger strikes (some fatal) and 'dirty protest' had been to treat Unionist and Republican terrorist prisoners alike and to reward improved conduct as part of the search for a Northern Ireland political solution.

Concluding his report on this most serious break-out, Hennessy declared that the prison governor carried 'ultimate responsibility': he 'must be held accountable'. An assistant governor was recommended for transfer and the role of a senior prison officer was found to have been seriously sub-standard. Nearly eighty recommendations for better security offered an amazing catalogue of weaknesses and lapses (Hennessy 1984). The governor was reported as having resigned (although in fact his pending retirement was substituted) while disciplinary measures were indicated for others. The Northern Ireland Office official in charge of prison security and operations in the province was also censured as being partly responsible for the Maze's low security standards because he had tolerated them too readily.

In refusing to resign, the Secretary of State for Northern Ireland, James (now Lord) Prior and his junior minister overseeing prisons, Nicholas Scott, relied on this dire catalogue of operational failure (Prior 1983). Prior's early reaction to the scandal had been that no minister should resign unless the inquiry blamed either prison policy or ministers' failure to implement security measures as they ought. The implication was that local human error had allowed this dreadful event, with little more to be said (although the points just listed as 'Background facts' significantly challenged this claim). As to policy merits, Hennessy formally declared the decision on key-carrying IRA prisoner orderlies to have been a grave error, although this was, of course, an easy judgement with hindsight.

There was no doubt that Prior (and, through him, Scott) was responsible to the Commons and the public for these politically ameliorative prison management policies, particularly if they were widely seen to go wrong or cause some wider harm. If his or others' similar actions contributed to the escape, the minister's direct responsibility for the dangerous failure of this aspect of the policy cannot be doubted. In fact, Prior enjoyed considerable success in holding down the public reaction to the break-out to the level of 'human error' partly because the record of prison staff laxity was so bad. He had purported to anticipate the ministerial resignation issue head-on by promising to resign if government policy or any ministerial failure of appropriate duty was found to be the cause of the disaster.

This line was already fully familiar by 1983 because modern ministers have steadily tried to build up what might claim to be called a 'practical' doctrine or convention that they cannot sensibly take even symbolic or vicarious responsibility for operating staffs' plain errors and failures to do their duty. On this view, the minister's sufficient role is to discover the truth of what happened, explain it, show how new procedures (and perhaps the removal of certain individual officials) will improve matters and then apply these better methods in practice.

This 'practical' view of ministers' administrative responsibility had been mature even in 1959, when African prisoners in the Hola Prison Camp in Kenya had been beaten to death by African warders, ostensibly in the course of forcing them to work. Neither the Colonial Secretary nor the Colonial Governor offered their resignation. The minister simply told the House that, following disciplinary measures within the camp, it could not happen again. Sir Thomas Dugdale had earlier tried this same line, as Minister of Agriculture, on the Crichel Down affair in 1954 but had been struck down by Conservative backbench hostility to the policy which had caused the trouble with a former private owner of the government-owned farmland in question. For all the official talk about a minister nobly taking ultimate responsibility for allegedly bad conduct by officials, in reality Churchill sacked Dugdale on the policy grounds that a former Labour government policy on ex-defence lands still in state ownership ought to have been changed (Nicolson 1986; Woodhouse 1994, pp. 36-7, 104-5).

Dugdale was unlucky that his department's inherited policy in this minor field was anathema to the relevant Conservative MPs: they demanded and got his head. Prior and Scott were luckier in that only a few Conservatives and some of the Ulster Unionists themselves tried to turn the Maze disaster into a policy reversal. These two ministers were seen as liberal progressives on the overarching political task of ending the Troubles by trying to encourage what has since become known as the 'peace process'. They were also, more broadly, anti-Thatcherite Conservative leftists (particularly Scott). Beyond listening to the increasingly ritualized repetition by Enoch Powell (now sitting as an Ulster Unionist) of a strong doctrine of ministerial administrative responsibility (such as he had also offered some twenty-four years earlier on the Hola Camp deaths), Prior and Scott heard almost no calls for their resignation from MPs other than Ulster Unionists. These Unionists' true quarry was the broad Northern Ireland policy being attempted by Prior and Scott rather than the fulfilment of a particular view of ministerial responsibility. These ministers were saved by the more widespread acceptability on non-Unionist benches of their policy credentials, whereas Dugdale in 1954 had been hanged by the significant hostility on the Conservative benches to his. Professor S.E. Finer (1956) had long since concluded in his classic review of many nineteenth and twentieth century cases of ministerial responsibility that general policy and politics decided who must resign and who may stay on following any particular issue. This sceptical view gained a major further example in the Maze prison case, despite the almost unimaginable failure involved and the serious security consequences of so many terrorist prisoners going free.

### **Brixton 1991**

Loss of two IRA remand prisoners; use of a gun and murderous threats.

#### *Foreground facts*

The official inquiry by the Chief Inspector of Prisons, Judge Stephen Tumim (Tumim 1991) found: many failures in operating standards including visitor searches (a gun had been smuggled in and used in the break-out), staff communications, use of dogs, escort arrangements, perimeter weaknesses and a key failure by the overall head of custody in the Home Office's then Prison Department, Brian Bubbear (Grade 5) to pass on to the police a warning, six months earlier, that prisoners were planning a Sunday escape after chapel service, when security was relaxed, using a smuggled gun – exactly what happened.

#### *Background facts*

The Special Branch (which covers any local anti-terrorist work) of a rather distant county police force (Staffordshire) had arranged with the Brixton prison governor to try to deceive the two IRA remand prisoners who later escaped into giving anti-terrorist intelligence in return for a prison officer's false offer to help them to escape. The question was raised that an *agent*

*provocateur* role may have encouraged or even assisted the escape and that the Prison Department's senior officials and prisons minister (Angela Rumbold) may or should have known of it. Judge Tumim had made a previous report that Brixton's inherent weaknesses justified ending its use as a high security prison for category A offenders; this earlier recommendation had become public knowledge eight months before the break-out occurred; the prison's security status had not been changed.

Like Prior, eight years earlier in Northern Ireland, Baker defended his position after this break-out with a simplistic policy-administration distinction which drew a tight border around 'policy' to suit his purpose. He claimed that 'administration, development and running of the prisons' were the responsibility of the director general and prison governors (Baker 1991). The Home Office reacted to Judge Tumim's report on the break-out by compulsorily transferring Brian Bubbear to its immigration division (he later worked on Home Office financial controls before leaving the civil service) and imposing early retirement, rather than transfer or dismissal, on the prison's governor, Reginald Withers. As to the Staffordshire police Special Branch adventure, Judge Tumim covered this aspect in the unpublished parts of his report: the Home Office had also arranged an internal inquiry into it immediately following the break-out. As the Home Secretary is not responsible for county police forces' operations (even their special branches) it was possible for Kenneth Baker to commission an internal inquiry into this deception exercise at arm's length. He was also able to refuse to answer the Home Affairs Select Committee's questions about it on the grounds that he might need to act as the appellate authority on any Staffordshire police force disciplinary proceedings and so could not comment in public. This block on his own public comment seemed to end the matter, even though allowing police (or MI5 or military intelligence) officers to do such things inside prisons is plainly a policy question. This event showed well how quasi-judicial ministerial function can readily smother political accountability.

The other policy fact (Tumim's own earlier and published recommendation to stop using Brixton for the highest-risk prisoners) was rather trickier. It obviously had policy status and implications, even if it might be given the intermediate label 'administrative policy'. But Baker claimed to treat it as an administrative point: he merely reported that the prisons director general had accepted it and that he (Baker) was now asking Tumim to report what progress this official had made on the matter (Baker 1991).

For a Home Secretary to receive a recommendation that one of only a few major prisons to house category A prisoners should cease to do so (and, moreover, on security grounds) and to merely pass this down to a civil servant, allegedly for his personal 'acceptance' as well as for effective implementation, is interesting enough in itself – particularly to students of the bare-faced political cheek which has characterized a number of ministers in recent years, not least Kenneth Baker himself. Removing category

A prisoners from Brixton would obviously have an impact elsewhere, with cost implications of various kinds in other prisons. Whereas the planning and costing details were for the director general to produce, the implication that neither the Home Secretary nor the junior prisons minister would be asked to approve the outcome, or even know of it, is ludicrous. Normal annual Treasury control over the extra costs of removing Brixton from the category A list would alone have entailed ministers' attention because they might well have had to argue the matter with the Chief Secretary or in cabinet committees.

But rather greater interest arises, with hindsight, from Baker's position and now links it to the greater, although equally typically routinized, political fuss which accompanied the latest attempt by a minister (Michael Howard) to control the definition of 'policy' on prisons and accept ministerial responsibility for that alone. Baker's claim that his civil servant, the director general of prisons, carried responsibility for administrative innovations as well as routine operations was dubious but foreshadowed the planned relationship between departments and their executive agencies which was a major current issue in Whitehall around 1991 at the time of the Brixton break-out.

The Prison Service agency began in April 1993, so to say in 1995 that a specifically appointed and individually contracted chief executive of any executive agency had not only administrative and running responsibilities for the field in question (e.g. prisons and related facilities) but also responsibility for 'development' would have been a fair statement. Not only do chief executives have contracts (often complete with provisions covering personal performance bonuses) but the agencies rest on their framework documents, drafted by the parent departments, plus their various corporate or business plans approved by departments, with advice from the Treasury and the Cabinet Office. The chief executives are indeed expected to undertake a development role, saying where their agency might stand, perhaps in practical performance terms and how it should plan to get there. However, today's ministers expect to know about and to approve such schemes, even when no extra resources are demanded. Agency chief executives were always intended to have a policy role, as their progenitor in the Next Steps report, Kate Jenkins and their initial principal promoter in Whitehall, the former Cabinet Office senior official, Sir Peter Kemp, have both often pointed out (Jenkins 1988; Kemp 1990, 1993). But it was necessarily to be shared with the department's Permanent Secretary and with ministers. One early example of how this worked in practice may be cited from the largest agency, the Department of Social Security's Benefits Agency under its first chief executive, Michael Bichard (who had come from local government). He and the then Permanent Secretary at the DSS, Sir Michael Partridge, offered regular joint briefing to their Secretary of State when Bichard would 'lead off' on matters which were wholly or mainly operational, with Partridge commenting, while mainly policy matters would receive the converse



treatment. In this way, each official and the minister could assess and contribute to the particular balance between so-called 'policy' and 'operations' which each item presented (Whitehall interview 1993).

By contrast, for Baker to have claimed in 1991, just under two years before the Home Office's Prison Department became an agency, that its chief civil servant had the operational and 'development' role he ascribed to him in the aftermath of a serious IRA prison escape from a prison of inherently doubtful security standard, was not a serious comment. It was also most disingenuous because, at that time, Baker was discussing with Kemp applying the government's policy of creating agencies to the large and apparently highly eligible case of the Prison Department. Kemp's job was to create agencies, large and small, and see them well-founded on sound lines of working relations with their parent departments, improving their performance and general acceptability to their users amongst the general public, financial accountability to Parliament and so on. A Prison Service agency, with about 39,000 staff (plus private contractors' staffs), a large budget and elaborate operational routines in some 134 penal establishments in England and Wales was obviously a principal target for this important government policy.

As an active and ambitious minister, Baker knew quite well that a Home Secretary could not afford actually to lose executive control of the prisons because they are so politically sensitive, particularly among MPs on both sides. Following a serious lapse in security, whether a break-out or a serious prison disturbance, he may try to wash his hands of all actual troubles by pretending that the distinction between operations and policy is neat and easy, with his own responsibility limited to some notion of 'policy' which he can control. Like Humpty Dumpty, he may be able to make such a word mean only what he finds it convenient to mean. He may then declare that his 'policy' is that the prisons shall run without failures or difficulties: if they do not, it is his officials who are responsible and even to blame. So, after Brixton, he seems to have pretended, with considerable success, that the errors were all operational, notwithstanding the policy question of continuing to use Brixton for category A use, having received an official recommendation from Judge Tumim that it should not be so used.

A minister's political need is to wash his hands of messy operational details when something has gone wrong while also showing Parliament and his party that he can put these problems right. The 'explanatory' or 'reporting' accountability levels of ministerial responsibility are fulfilled and he can claim to resume his 'policy' functions on a new and even strengthened basis. But being able to put things right requires at least a reserve of executive dominance. If operations really have been devolved away to an independent entity, the ministers can only tell MPs or interviewers that they have asked for the necessary operational changes and that they hope some notice will be taken. In either the bearpit of a confron-

tational House of Commons or the more surgically carnivorous setting of a radio or television studio, this would not do.

Faced with the need to make the prisons into one of the new agencies, Kenneth Baker may well have welcomed a more visible agency arrangement (helpful for washing hands after the inevitable occasional failures). He was therefore being more politically rational than tactful when he asked Kemp in one discussion whether the prisons could not be made an agency, as government policy required, but with some adjustment or arrangement to allow him to be as much in direct executive charge as Home Secretaries had always been, at least at times and in ways which he may politically require. This request considerably angered Kemp who was well aware that 'core' or headquarters departments would generally prefer to pretend to create agencies and see their new chief executives undertake all the routine operational responsibilities, including for errors and failures, while reserving the right to intervene (interfere) whenever they thought their minister was (or should be) feeling nervous about something. This intervention would, of course, be in addition to controlling all of the agency's financial aspects on the grounds that, not only would the minister remain fully responsible for the agency to Parliament, but the permanent secretary would continue as overall statutory accounting officer to the Public Accounts Committee for all the department's funds, including the agency's share. In moving to Michel Howard's exactly similar public reaction to his two serious prison break-outs, at Whitemoor and Parkhurst in 1994 and early 1995, we see the same political device at work fending off all responsibility except a narrowly drawn notion of what is prisons 'policy'.

### **Whitemoor 1994**

Near loss of six category A (highest escape risk) prisoners; (five IRA and a convicted armed robber); shooting of a prison officer.

#### *Foreground facts*

The official inquiry by a former Chief Inspector of Constabulary (Woodcock 1994) found a disturbing and even comical general prison atmosphere. This included staff running shopping or other errands for some wealthier prisoners, more like army batmen or public school fags than prison officers, to the obvious detriment of the necessary strict security regime, which required random searches of cells or lockers, strict searching of visitors, etc. The six men had used two guns and cutting equipment smuggled into the prison. It was reported that they had exploited a perimeter blindspot produced by staff having switched off a camera to preserve a prisoner's privacy. Staff failed to activate security cameras until four minutes after the alarm sounded. The injured officer had been hit in the stomach by a ricocheting bullet.

*Background facts*

The Home Secretary said the Woodcock inquiry had revealed such a 'dreadful state of affairs' at this maximum security prison that a national review was needed.

**Parkhurst 1995**

Temporary loss of three category A prisoners; use of a fake gun, firing blanks.

*Foreground facts*

An immediate, internal, unpublished report was made by the Prison Service director of security, Richard Tilt. The official inquiry was conducted (with support from a police investigating team) by a retired full (four star) general, Sir John Learmont; Sir John Woodcock; a retired prisons manager; a serving prison governor; a retired diplomat and the Engineering Council's chief officer. They added a detailed investigation of this break-out to their pending review of all prison security in England and Wales, following the Whitemoor break-out of four months before. Their joint report (Learmont 1995) found on the Parkhurst break-out that three category A prisoners had received £200 in cash and some blank handgun ammunition from visitors; had made a metal ladder from spare goalposts, while doing supervised work in the metalwork shop, and hidden it ready for use; had also made in the shop a fake gun able to fire blanks, a gate key copy and second key for starting up a light aircraft which they intended to steal from a local airfield; had found quite easily available in the shop a step ladder, a cable and even wire cutters; had been able to duck out of a regular sports hall training session whose numbers were not checked on returning to the cells; had successfully passed through the locked gate, into the metalwork shop to collect the escape gear and on to a section of the perimeter fence whose video camera coverage had some blind spots and whose monitor screens were of sub-standard quality; had been under the potential surveillance of 'inexperienced and largely untrained' prison officers; had got through the perimeter fence and away for some two hours before the prison noticed the damaged fence, identified the escapers and told the Isle of Wight police.

*Background facts*

Learmont (1995) reviewed *inter alia* the long-running saga of the prison's successive governors having warned that Parkhurst was not secure enough in general to take category A prisoners and pleading in particular for trembler alarms on the perimeter fence – on which there had been dogged correspondence over many years.

Many other policy points were implied by the Learmont team's detailed reports and comments on perimeter security, locking of gates and doors, checks and searches during prison activities (e.g. in vulnerable places such as the metalwork shop), cell searches, personal (including strip) searches, searching of visitors (including children) to prevent tools, weapons, drugs,

cash, etc. being smuggled in – and ‘closed visits’ (where glass screens separate the inmate and visitor and prevent anything from being passed) on which the Home Secretary had requested recommendations after the passing in of guns at Whitemoor. Lewis (1997, pp. 186–7) records his initiative in July 1995, approved by Howard, to require ‘closed visits’, at discretion, for high risk prisoners and states that Learmont revised his draft recommendation against this idea in order to conform to the new rule, following talks with Howard).

Unlike Baker or Prior, Howard was able to preface his rejection of all ‘non-policy’ responsibility by referring to the new agency relationship. Recent editions of *The Civil Service Yearbook* (HMSO) have carried a terse, standard definition: ‘The [minister] has delegated responsibility for day-to-day operation of each of the following agencies to their respective chief executives within a framework of policy objectives and resources set out in a framework document’. Even such a brief rubric serves to question as much as it describes. Whether a minister can, in the proper meaning, ‘delegate’ anything in the eyes of Parliament, the law or the interested and attentive sections of the public is doubtful, but the word may pass if it simply refers to the explanatory or reporting accountability due from a minister who explains how and why routine operations have failed and what he has done to avoid a repetition. But the main question begged is, of course, the idea that operations can be transferred to an official while ‘a framework of policy objectives and resources’ remains in the minister’s hands. It is obvious that the policy and the adequacy of resources may simply not fit any feasible scheme of operations. Thus the operational level may be keen and willing but simply incapable of meeting a policy objective, at least without significant extra resources. Likewise, the objectives may clash with current operations or be mutually contradictory (or, at least, ambiguous or vague) in their impact on practical routines. It is the particular character of public sector operations to try to pursue multiple objectives which are nuanced, ambiguous or even downright contradictory. In this sense, the private commercial sector is usually much easier, as senior civil servants often point out.

## A VERY PUBLIC EXECUTION

Derek Lewis, as agency chief executive (‘director general’) was said to be fully responsible for operations in both senses: in charge of them and potentially culpable if they went wrong. Howard asserted that he had no right to instruct Lewis how to react to the Whitemoor and Parkhurst disasters but was required, as the minister, to assess the agency’s record and to draw his conclusion. He concluded that Lewis must go, either by his own resignation or dismissal. Howard claimed that he could have intervened in operations only if his prisons policy was at risk. Within that policy, Lewis and his senior colleagues were masters in their own operational house.

Howard quickly found himself in hot water because the record seemed

to deny his official position of respecting the formal agency relationship of operational autonomy for the director general. Certainly by the time that Lewis was sacked and immediately launched a media blitz against Howard's claims to an arm's-length stance, Howard's partisan, press and prison service critics were alleging that he had been highly active in telling Lewis, in effect, what to do operationally. One instance involved Howard imposing his will that all six maximum security prisons should be searched in a common form (so that he could claim that all of them had been dealt with) when Prison Service advice had been that one of them was different in character and should be searched rather differently. The Learmont report referred to the apparently oppressive accountability which the investigators had noticed being laid on the agency by the Home Office – perhaps at Howard's insistence. Even the semi-formal oral evidence which Lewis gave the inquiry during one working day was reported by Lewis to have been interrupted five times by phone calls from Howard or his prisons minister, Michael Forsyth (Travis 1995). Consequently, Learmont made, and Howard accepted, a recommendation that the Home Office's working relationship with the Prison Service should be reviewed. The Permanent Secretary, Richard Wilson, had anticipated this recommendation and initially decided to meet it with a brief two-week survey by Kate Jenkins, the initiator of the agency model, former Head of the Prime Minister's Efficiency Unit and now an independent consultant. This report offered a detailed review of the Home Office's continuing strong day-to-day supervisory relationship with the Prison Service. It has been described by several senior officials as having diagnosed a problem and broadly recommended a period of letting the Prison Service get on with its work. The Home Office downgraded this quick report as the intended response to Learmont and the idea of an advisory prisons board was revived as some kind of alternative. The Home Affairs Select Committee conducted its own inquiry into Prison Service management. The MPs took a cautious, even platitudinous, position on responsibility for policy or operations, declaring that a 'good relationship' between Home Secretary and director general is needed. The latter must enjoy 'proper freedom . . . to do his or her job', whereas 'unrealistic expectations' of excluding ministers and 'the needs of accountability and responsibility to Parliament' from the service's practical concern cannot be sustained. The question of what the job should be or what expectations of operational independence might be less unrealistic were both begged (House of Commons Home Affairs Committee 1997, p. lxxix).

Much more in the spotlight after Learmont was published, however, was Howard's claim to have avoided an improper personal role in prison operational decisions. There seemed to be divided criticisms of this highly controversial minister. Some critics complained that he had been so involved in prison management and yet refused to resign following the break-outs. If things were bad enough to remove Lewis, Howard should also have resigned. Others suggested that, whether or not Lewis should go, the Home

Secretary should have accepted traditional, symbolic responsibility and promptly quit, having made the changes to improve prison security. But the sharper and more novel challenge was to Howard's veracity – had he actually intervened as he claimed he had not? This question was taken up by the Opposition parties and focused on what still seemed at the time to be the one fairly sure ground for getting a minister to resign: 'misleading Parliament'. (This convention took a bad knock a few months later from the government's victory in the Commons, by a majority of only one vote, on the persistent ministerial misleading of MPs on 'arms-to-Iraq', as found by the Scott report (Scott 1996).)

One pointer to an unexpectedly close tie between the Prison Service and Home Office ministers arose in late 1994, particularly following the White-moor break-out on 9 September. The Permanent Secretary realized that although, within the Prison Service's framework document, he was expected to link the service to the Home Secretary, Derek Lewis and his senior colleagues were dealing directly with the Home Secretary's and junior prison minister's private offices on both policy and operational matters, so that the Permanent Secretary was, in practical terms 'out of the loop'. This would be unacceptable to any Permanent Secretary, even in a fairly diverse department such as the Home Office. Links must be made (for example the prisons-police working relationship on prison disturbances or using police custody cells). He therefore obtained Michael Howard's consent for a Prison Service Monitoring Unit in order to be more fully informed of what the agency and ministers were saying and doing. This unit was publicized and criticized by the media in August 1996 for apparently having failed to warn Michael Howard of the Prison Service's radical new 'remand remission release' policy which he suspended – after 541 prisoners had been prematurely let out – pending a High Court ruling. It was then reported as having a senior official in charge and is shown in *The Civil Service Yearbook* for 1997 as reporting directly to the Permanent Secretary. This attempt by a Permanent Secretary to keep in touch is an important example of the conflict in the agency model between the chief executive's sense of semi-autonomy on operational matters (within the approved framework document) and the Permanent Secretary's comprehensive responsibilities, including his financial duties as the department's overall accounting officer.

If Derek Lewis's legal action had gone into court, it might have entitled him (as noted above) to cite any examples of Howard having intervened in a way he told the House he had not. A Pandora's box of details of official-ministerial relations could have been opened by Lewis's explosive reaction to being publicly sacked. Howard would have needed to account again to the House (and in uncomfortable detail) for his claims, which got him out of trouble immediately after the events themselves, that he had not issued operational orders. The immediate political point was not whether such intervention is wrong but whether he falsely claimed to the House and the

public that he had not intervened as a means of evading personal association with, and therefore political responsibility for, the agency's operational decisions. His position was to be seriously undermined later, first by Derek Lewis's book and then, following the general election of May 1997, by his former prisons minister, Ann Widdecombe. She told a detailed story which supported Lewis's account and refuted Howard's (*The Observer*, 18 May 1997; *The Independent*, 19, 20 May; *The Guardian*, *The Daily Telegraph* and *The Times*, 20 May). She left it to the House and numerous broadcasting audiences to conclude that Howard had been concealing the truth – an impression which he himself strengthened when refusing to confirm or deny Widdecombe's charge that he had threatened Derek Lewis with dismissal on the treatment of the Governor of Parkhurst, even after sixteen repetitions of this question by his television interviewer, Jeremy Paxman. No former minister has ever revealed ministerial business in quite such terms since the modern ministerial system emerged in the later Victorian years. Widdecombe's report of events seemed to confirm Lewis's implication that Howard had normally stopped short of presuming to impose an operational decision but then pressurized officials until his wishes were accepted.

On 29 March 1996, during a private High Court hearing before Mr Justice Foster, the Home Office did not oppose Lewis's action for wrongful dismissal on the basis of Lewis receiving the basic salary of £125,000 for the final year (1995–96) of his contract. The Home Office denied any wrongful dismissal and cited the Crown prerogative terms under which officials serve only at the Crown's pleasure. It claimed that the only issue (contractual compensation) had not been disputed. Lewis pointed out after this first hearing that he had received judgment, including nearly all his costs, and alleged that the Home Office had prevented its legal advisers from even beginning negotiations on compensation until only three weeks earlier, rather than immediately after the dismissal. He also deplored the Home Office's resistance to his further claim of around a further £75,000 in bonus (contractually due under certain performance criteria) and pension contributions. It seemed he might have needed to discover many internal documents, intending to show how he had earned this bonus. They may well also have shown the degree of Howard's 'interference' in Lewis's operational responsibility under the Prison Service's governing framework document and other Home Office-devised papers – in addition to Lewis's own contract. Lewis had issued a writ in February 1996 to discover more than a hundred Home Office papers concerning the Learmont report – a document which he had called inaccurate. He commented: 'An attempt [by Howard] to use the distinction between policy and operations was no more than a political figleaf which was so small as to be grossly indecent'. He added that his wrongful dismissal remained 'inexplicable' on anything other than political grounds. He had received no explanation and no apologies. The Conservative *Daily Telegraph* and *Daily Mail* (30 March) respect-

ively, presented the Home Office's capitulation as an 'acute embarrassment' and 'further embarrassment [to a] humbled' Home Secretary. *The Independent* (30 March) called it a 'humiliating climbdown'. The *Daily Telegraph's* reporter (30 March) wrote that an out-of-court settlement on the bonus issue was 'likely if the Home Office wants to avoid further embarrassment'.

This proved correct. In May 1996, Lewis obtained a further judgment on his unpaid bonus and costs which, he has reported, came to a total of £280,000 (Lewis 1997, p. 220). The Home Office had paid some £200,000 into court on 4 April. Therefore, under the rules, if Lewis had insisted on a full hearing but then got compensation below £200,000, he and his trade union (the First Division Association) would have become liable for both sides' costs. As he suspected that the Home Office would have paid more money into court in order to avoid the risk of discovery of documents during a full hearing, he had every reason to accept victory out of court. The prospect of Lewis's counsel blowing away Michael Howard's 'political figleaf' in a dramatic snowstorm of internal Home Office papers therefore faded and the issues of ministerial responsibility raised by the Lewis affair remained only partly explored, even taking Ann Widdecombe's remarkable attack into account. The fireworks of October 1995 were confirmed as more noisy and novel than usefully illuminating. Elizabeth Symons (General Secretary of the First Division Association) had noted in March that Howard had 'backed off' from his earlier refutation of Lewis's claims of interference. She thought this court judgment for Lewis would make ministers cautious before 'dumping' blame for failures on to officials. With nearly 3,000 senior officials about to have personal contracts imposed on them by the government, this case was valuable. It had focused official attention on the legal nature of such contracts (BBC 1996).

### FROM CONSTITUTIONAL CONUNDRUM TO MORE OPEN ACCOUNTABILITY?

The position on policy and operations with respect to break-outs and other failures adopted (with increasing self-assurance) since the Maze affair in 1983 by Prior, Baker and Howard is too superficial and self-serving, as Pyper (1992) has asserted. Howard found it harder to sustain this familiar ministerial line on non-responsibility for the practical aspects or outcomes of 'policy' because the new agency machinery is supposed to clarify the traditional policy-operations distinction. Without an agency, departmental divisions (for example, the Immigration and Nationality Department of the Home Office) are open to the traditional mixture of policy and administrative control by ministers and, even more so, by the senior officials in charge of various policy topics who constantly watch their own back while claiming to be protecting their ministers. 'Upwards accountability' to ministers and (potentially) Parliament and the media dominates any ideas of strengthening of 'downwards accountability' to operating staffs and practical outcomes.



Sir Peter Lloyd (junior prisons minister 1992–94, i.e. broadly between the Brixton and Whitemoor/Parkhurst cases and including the launch of the Prison Service as an agency) believes that about 80 per cent of prison work is plainly operational, within a policy frame, with the rest of it plainly both operations and policy. Only mutual respect and self-restraint will avoid trouble between ministers and agency senior staff, given this inevitable mixture. The agency form obliges its bosses to be responsible for the 80 per cent which is clearly theirs: when it was all in the minister's name no leadership resulted, partly because even the prisons minister had other responsibilities. A specialist organization, albeit within the bosom of the Home Office, encourages more specialist and focused decisions. But agencies should also oblige the minister to 'temper his political demands with what is practical' (Lloyd 1995).

The retiring Chief Inspector of Prisons, Judge Stephen Tumim and Derek Lewis's civil service trade union both took more traditional positions on the policy-operations conundrum. They dismissed Howard's claim not to be responsible for operations, Tumim claiming that this would leave him not responsible for anything at all (Tumim 1995) while the First Division Association quoted the governing ministerial document *Questions of Procedure for Ministers* (Cabinet Office 1992) which stated (para. 27) that, 'Each minister is responsible to Parliament for the *conduct* of his or her department and for the *actions carried out* by the department in pursuit of government policies . . .' (emphasis added) (FDA 1995). Having the Prison Service as an executive agency is (as Sir Leo Pliatzky put it during the agencies' earlier days) a way in which the civil service organizes its work, under the minister's complete control (Pliatzky 1992). Its framework document and chief executive's personal contract are, on this view, simply internal devices for arranging and focusing this work. An agency is not a contractor (despite numerous references in such terms in the mass media, and even among some academics) or a quango (non-departmental public body – NDPB) or a nationalized industry.

As agencies were invented and multiplied without any time-consuming process of public debate or legislation, they have no separate legal basis or legal identity, unlike nationalized industries or other statutory public bodies. So this traditional view is not so much incorrect as unreal, now that 70 per cent or more of civil servants are organized in this way and encouraged to take a semi-autonomous view of their agency's responsibilities to their customers as well as to their ministers. In the Prison Service's specially difficult and sensitive case, the conundrum of needing to run it as if operations can be consciously improved by a firm application of good management – while realizing that operations rest on policy decisions (and policy evasions) – has to be faced and itself managed. As Lloyd maintained, there must be reasonable partnership between chief executive and ministers so that the one does not seek to be over-mighty on policy as well as his operations work while the other does not cynically seek to divert all troubles

and failures to the 'operational' level – whether or not intervening covertly on such matters (Talbot 1995).

Finally, we should note the wider constitutional context of this running saga on 'responsibility' for serious prison failures. The whole of the civil service has faced steady, even relentless, change under the Thatcher–Major governments over more than seventeen years, notably in the drive to create agencies since 1988 (and with redoubled commitment under Major since 1992) (Campbell and Wilson 1995; Dowding 1995; Giddings (ed.) 1995; Jordan 1994; Pyper 1995; Barker 1995–96). This change was non-statutory and initially strongly resisted by the Treasury and some senior officials in headquarters departments, notably Defence. But the government's intention to have converted about 80 per cent of all civil service posts to an agency basis within four years is well advanced and there seems to be no prospect of it being reversed or even questioned by the new Labour government. On the contrary, the new government, with few members with any ministerial experience, may conceivably more readily break the mould of traditional doctrines of ministerial responsibility and follow the political logic of executive agencies by allowing chief executives to report directly to Parliament, press and public about the nature and problems of their work.

At the same time, the new personal contracts imposed in Spring 1996 on senior Whitehall officials, combined with some direct recruitment of senior people from 'outside' careers, may well begin to change the traditional internal constitutional compact between ministers and senior officials. If these officials go on for even a few more years since their initial baptism by Thatcherite fire after 1979 being told to 'manage' their work positively, and receiving personal benefits or penalties, they are almost certain to weaken their traditional devotion to 'supporting ministers' through thick and thin. Like chief executives, they will, up to a point, either seek or accept a more personal public profile, notably when answering questions from parliamentary select committees. If they are increasingly held personally responsible for their share of the work they will gradually demand or accept more visible control of that work with personal accountability in some public arena (Barker 1996).

In March 1996, Derek Lewis publicly proposed exactly this. He accepted the policy-operation distinction for executive agencies but only if the chief executives of the handful of large or politically sensitive agencies become free to comment to their staffs, the mass media and (in particular) parliamentary select committees not on the merits of ministers' policies but on how a given policy is affecting operations. He did not want to extend this idea to headquarters department officials and particularly not to senior officials advising ministers. The civil service minister, Roger Freeman, promptly rejected the idea, saying that agency officials remain civil servants and predicting 'chaos' if chief executives were allowed to speak in this way (Lewis/Freeman 1996). Lewis developed his ideas, proposing that both prison management and the political position of Home Office ministers

would be improved by the 'statutory separation of the Prison Service from the Home Office on a basis similar to that for the police' (Marshall 1978), involving an 'independent board with statutory authority' and the Home Secretary setting both policy (by primary and secondary legislation, including the Prison Rules) and the financial regime. A new Prisons Inspectorate would be modelled on the Inspectorate of Constabulary and provide efficiency audit. Ministers should abandon the illusion of their direct control of prison management which makes them 'unnecessarily vulnerable when things go wrong – as they inevitably will in prisons'. Their governing board's statutory status would offer the current chief prisons managers firm ground for their public statements (including to select committees) on 'the operational implications of the policies they are required to implement'. Without this public voice, they would suffer in silence while ministers enjoyed power over prisons without public responsibility. It would be as if ministers could not only instruct police forces to deploy and even use CS gas but do so without chief constables or other police representatives being able to comment in public – which would be unthinkable (Lewis 1996a, pp. 10–11; 1996b). Lewis has sketched out these proposals again in the conclusion to his book (Lewis 1997, pp. 230–4). The new government's initial reaction to Howard's Prison Service legacy was nominally to meet their manifesto pledge to restore 'proper' (not 'full' or 'direct') ministerial responsibility (Labour Party 1997). This took the form of an immediate announcement that Parliamentary Questions on the Service would be answered by the 'secretary of state' (the Home Office) rather than the director-general, Richard Tilt. As Lewis's and Tilt's direct answers had, under Howard and Widdecombe, been ministerially approved before issue, this was no actual change. More broadly, a review of Prison Service management was launched, in rough line of succession to Learmont's proposal and Kate Jenkins' quick review: unusually, its membership included an academic expert on the Service, Colin Talbot.

The Head of the Home Civil Service, Sir Robin Butler, in his evidence to the Treasury and Civil Service Committee (Butler 1994, para. 120) and to the Scott Inquiry on British arms-to-Iraq (Scott 1996, K8.15), has already signalled 'accountability' (rather than 'responsibility') as the officially preferred term when considering executive-legislative relations. It implies a more neutral, reporting function – almost a mere 'answerability' – which tries to weaken the inevitable gloss that having been 'responsible' for something involves potential culpability or blame. Whitehall Permanent Secretaries and their most senior colleagues talk in private of the urgent need to complement their new 'management' priorities for the civil service with a more realistic approach to the government's accountability among the senior MPs who compose parliamentary select committees – notably the highly traditionalist and self-consciously authoritative Public Accounts Committee. These civil servants' point is that large organizations can motivate and equip their best people for good, high-level service only if they are

trusted to manage and achieve their given goals or targets. This inevitably involves some risk of error leading to failure, notably the waste of public money. Leaving aside the obvious need to deal with sheer incompetence or anything legally dubious, MPs and the public must, on this view, accept that 'legitimate (blame-free) mistakes' are the modest price to be paid for a generally much more efficient and successful civil service effort. If all mistakes call down new control regimes intended to prevent any error recurring, no intelligent management can continue: precautionary, accountability-dominated, 'backside-covering' administration will result. The pennies will be protected from a small risk of being wasted at the expense of the pounds being almost always rather poorly employed (Barker 1996).

This reference to value for money issues in all of Whitehall takes ministerial responsibility for prison security, as the main subject of this article, very much wider. The need for 'value for money' and public spending cuts to avert national 'fiscal crisis' is the basic theme of the remarkably fertile study of British central and local government administration by Sir Christopher Foster and Francis Plowden (1996, pp. 170–94). Among much else, they describe and recommend a statutory and quasi-legal independent status for executive agencies (in effect, becoming statutory quangos with a 'trustee' character) which applies Derek Lewis's outline sketch with considerable theoretical force. This ground-breaking book has attracted particular attention at the highest civil service level. In the face of such new public management thinking, lodged within a conservative constitutional framework (which conserves at least a hollowed-out version of ministerial responsibility to Parliament) the established official claims about this responsibility appear even shakier. Thus traditional arguments about ministers' 'responsibility' will become ever more anachronistic as the civil service changes its work methods, its professionalized ethos and even the people who compose its most senior ranks. This point will particularly apply as agency chief executives such as Derek Lewis come in from commercial industry while senior posts in headquarters departments are also opened to these same incomers.

As some press commentators pointed out in the Lewis–Howard affair in October 1995 (and as Lewis himself has since proposed) the logical constitutional consequence of these various trends is the acceptance by MPs and the public of direct accountability – and therefore, potentially, of direct personal responsibility – from at least some appointed officials in executive agencies, non-departmental public bodies, or even core departments rather than from the department's ministers (Marr 1995; Travis 1995). A court hearing of Lewis's lawsuit would probably have illuminated the need for these novel public relationships, just as the Scott Inquiry report (Scott 1996) has revealed some pathological features of traditional ministerial and civil service conduct within the established myth or doctrine of ministerial responsibility.

## CONCLUSION: DIRECT OFFICIAL ACCOUNTABILITY

Sir Richard Scott's prodigious industry entailed an elaborate dissection of the ministerial responsibility issues of the events which he investigated. In addition to his report he himself has added commentary (Scott 1996) and stimulated further academic and practitioner writings on the subject, including the civil servant's relationship to either the minister's own responsibility or accountability or any possible or potential direct linkage between civil servants and Parliament or the public (Wass 1997; Lewis and Longley 1997; Bogdanor 1997). Several proposals for this more direct linkage appear in these writings. Sir Douglas Wass (joint head of Home Civil Service 1981–83) thinks that no officials could be authorized to comment in public, even on the 'operational implications', as they may see them, of current or potential ministerial policies within the present system and its context. In other words, simply relaxing or even scrapping the rules for officials giving evidence to select committees (which were known for a long time as the Osmotherly rules) – as commentators such as Woodhouse (1994) have proposed – would not work in isolation. A freedom of information reform, plus a new officer in each department, statutorily charged with assuring Parliament's access to all proper information (equivalent to the accounting officer's financial duty) would change the context and make new rules on direct official accountability feasible, in Wass's judgment, if that particular change was desired (Wass 1997, pp. 466–71).

Lewis and Longley (1997, pp. 506–7) share this emphasis on the wider context, also mentioning FoI but adding the device of a required public register of public policy options, with their outline cases, showing the choices and relevant information from which ministers have drawn their preferred policies. Such a radical shift from secret policy-making would, amongst other things, alter officials' relationship to current public debate even beyond the impact of a FoI law. Bogdanor (1997, pp. 80–2) follows Wass in endorsing a new and independent device for checking and reporting on departments' due regard to informing Parliament (Wass) and discharging ministerial accountability (Bogdanor) – the two ideas overlapping each other. He recalls the Macmillan government's certainty in 1957 that the proposed new administrative redress officer (the Parliamentary Commissioner for Administration) could never be combined with ministerial responsibility to Parliament and compares it to the Major government's exactly similar claim about a possible 'accountability commissioner'. Bogdanor could have added the pre-1964 Conservative government's dismissal of the proposal that select committees should become free to make policy recommendations on the same and equally 'obvious' ground that it would conflict with traditional ministerial responsibility as a second example of dire official pseudo-'constitutional' warnings which prove groundless.

This article's central theme has been that the logic of modern manage-

ment, combined with the virtual requirements of modern mass media, will gradually project at least some senior officials towards personal, direct public accountability for their administrative tasks – probably starting with the half-dozen chief executives of executive agencies which are seen by the public, MPs and the mass media as the most important (possibly also most politically sensitive) ones.

MPs on select committees may increasingly press for the right to ask these selected chief executives the class of question which Derek Lewis (since joined by Lord Nolan (1996)) thinks they should be free to answer – the practical aspects or consequences of ministerial policies. MPs wanting something is no guide to their getting it, as the long campaign to permit select committees to make policy recommendations, among many other issues of parliamentary reform, amply demonstrated. It will probably be the broadcasters and journalists who will swing more weight towards this reform than the MPs, partly because they are more independent and self-confident and partly because the illogic of a perceived executive head (of highways, passports – now to include the new national i.d. cards – or benefits) not being permitted to conduct a normal television or radio interview or press conference because of a theological Whitehall point called ‘policy/operations’ or ‘ministerial responsibility doctrine’ will be more harshly exposed on those occasions than in front of normally well house-trained select committees.

The House of Commons Public Service (now Public Administration) select committee’s report *Ministerial Accountability and Responsibility* (1996) included a recommendation that named officials should be allowed by ministers to give freer evidence to select committees, in order to offset the dominant official position that officials owe no allegiance to Parliament, the constitution or the public interest, but only to current ministers within the law. Some such limited scheme – whether or not confined to those Whitehall executive functions which ministers have so far designated as agencies – will come in due course, but probably as a by-product of wider changes which start to produce a new context: notably and most probably FoI (or ‘open government’).

As in 1964–66, under another novel Labour majority following a long period of Conservative negativism, waiting for parliamentary reform will require considerable patience (Barker 1967).

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# THE IMPORTANCE OF BEING TRUSTED: TRANSACTION COSTS AND POLICY NETWORK THEORY

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Transaction cost economics is used to defend and develop policy network theory. Networks, like markets and hierarchies, are a form of governance structure. As one form of network, policy communities develop and survive because they reduce transaction costs that would otherwise threaten the exchange of resources between government and pressure groups. Policy communities alter outcomes and should be an important part of the explanation of public policy. Whilst of general relevance, the argument is illustrated with particular reference to the frequently hostile but ultimately successful negotiations between the British Medical Association and the Ministry of Health prior to the creation of the National Health Service in 1948.

## I INTRODUCTION

Transaction cost analysis is one of the more prominent strands of the 'new institutionalism' that has swept through the social sciences (Lowndes 1996). Whether the theory is of the firm (Williamson 1975), bureaucracy (Horn 1995), state (North 1990) or legislature (Weingest and Marshall 1988), the transaction cost story is that institutions evolve to economize on transaction costs and that different levels of transaction costs (predictably) lead to the development of different types of institutions or, in Oliver Williamson's (1985) phrase, governance structures. The usual contrast upon which the theory rests is that between markets and hierarchies. In this article, networks are seen as a third and alternative form of governance structure and the emergence of policy communities as a particular and important form of network is explained using transaction cost theory. In the market, exchange is mediated through and made possible by the use of legally binding contracts. In hierarchies, an equivalent role is played by authority. In a policy community, exchange is possible because actors trust each other. To understand how and why policy communities develop, it is necessary to understand how and why trust emerges.

The negotiations between the British Medical Association (BMA) and

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Ministry of Health (MoH) prior to the creation of the National Health Service (NHS) in July 1948 are used to illustrate the argument. The example may seem a curious one for, as Martin Smith (1993, p. 169) observes, a closed policy community did not develop until after the NHS had been formed. Indeed during this period, relations far from being consensual were frequently hostile. At various points, the Minister of Health, Aneurin Bevan, accused the BMA of being bigoted and the BMA the Minister of being a dictator (Webster 1988, p. 110). The example is nonetheless an interesting one because an agreement between the BMA and the MoH was eventually reached and reached without the use of either legally binding contracts or the exercise of authority. This article shows how trust sufficient to make agreement possible developed.

The argument is in three parts. First, it is shown why mutually beneficial exchange between governmental and non-governmental actors is possible. Second, it is argued not only that high transaction costs threaten exchange but that neither markets nor hierarchies can adequately economize on these costs. Third, it is suggested that in these circumstances trust facilitates exchange and that the development of trust can be accounted for in terms of the structural setting of relations between actors. As the more general conclusion to the article emphasizes, it is my intention in using transaction cost analysis not to bury but largely to praise policy network theory. Networks affect outcomes and are not, as Keith Dowding (1995) suggests, simply a metaphor.

## II THE POSSIBILITY OF CO-OPERATION

The story of the creation of the NHS is one that has been told many times (Eckstein 1960; Willcocks 1967; Honigsbaum 1989). The decision to build a national health service at the end of the war was first taken by the Minister of Health, Ernest Brown, in October 1941. Following the publication of the Beveridge report in 1942, firm proposals were published in March 1943. After objections were raised by the BMA, a new Minister, Henry Willnick, unveiled a revised plan in March 1945. Finally and following the election of a Labour government, the National Health Service Bill was given its first reading in March 1946. But beyond providing for free and comprehensive medical coverage, the Bill itself did not specify in any detail the administrative structure of the new service (Eckstein 1960, p. 111). Between March 1946 and the inception of the service in July 1948 it was over this terrain that the BMA and the MoH fought.

Whilst accepting in principle the need for a national service, the BMA was steadfastly opposed to the creation of a centralized service in which it feared the doctors' role would become equivalent to that of civil servants. Specifically, the BMA sought to affirm and retain (i) the right of general practitioners to buy and sell practices, (ii) the special status of teaching hospitals, (iii) the independent contract system by which doctors were paid according to the number of patients registered with them (capitation) rather

than by fixed salary, (iv) the right of doctors to treat private patients and, (v) the freedom of doctors to practise where they wanted.

The BMA realized that Bevan was unsympathetic to their demands but knew that they were in a strong bargaining position as the MoH needed them to assist in the implementation of policy. The BMA was not the only organization whose interests were threatened by the decision to build a NHS. Insurance companies and the boards of voluntary hospitals also sought to influence policy. Attention is lavished upon the BMA because it was the one voice that government could not ignore. The government may have wanted but it did not need the support of the voluntary hospitals because the hospitals were to be nationalized and it did not need the support of the insurance companies because health care was to be funded from general taxation. If its policy objectives were to be realized, the government did need the support of the doctors (Smith 1993, p. 165). As Charles Webster (1988, p. 107) argues, 'the primary difficulty for the government was persuading a BMA which was deeply disenchanted with the NHS legislation to collaborate amicably in framing regulations and setting up the administration of the new service.'

What could the BMA do if government refused to listen? Most obviously, it could simply threaten to boycott the new service and in 1946 the Chairman of the BMA Council, Dr. Guy Dain, spoke frequently about the possibility of a strike. Indeed even before the Bill had been published, the BMA announced the launch of an emergency fund to support striking doctors (BMJ 1946a, p. 358). Alternatively, the BMA could participate in the service but withhold from it what Oliver Williamson (1975, p. 69) calls consummate co-operation: the use of its initiative, judgement and enthusiasm in implementing policy. As an editorial in the *British Medical Journal* (BMJ 1946b, p. 240) reminded its readers in February 1946 'he [Bevan] himself said that no health service can be run properly except with the *whole-hearted* co-operation of the doctors of this country . . . legislators can legislate, but only doctors can provide the service' (emphasis added).

Between 1946 and 1948 the BMA and the MoH were forced to bargain with each other to achieve their respective objectives and the nature of this bargaining process is illustrated in figure 1. Here, the horizontal axis (A–C) shows disagreements between the BMA and the MoH over the range of policy issues previously identified. A represents the preferences of the BMA and C the corresponding and opposed preferences of the MoH. For example, A is a service in which doctors are paid by capitation, C one in which doctors are paid by a fixed salary and B by some combination of the two.<sup>1</sup> The vertical axis (X–Z) shows possible forms of implementation. Z reflects the preferences of the MoH for a service in which doctors co-operate in the implementation of policy. At X, doctors withdraw this co-operation and the burden of implementing policy is carried by the MoH.

Policy outcomes follow from the choice of both policy framework and form of implementation. The MoH most prefers an outcome (M) in which

doctors co-operate in the implementation of a policy that reflects government objectives. The BMA most prefers an outcome (O) in which government is responsible for implementing a policy that reflects doctors' objectives. Three indifference curves are shown for government (G) and doctors (D) and ranked such that for government  $G3 > G2 > G1$  and for doctors  $D3 > D2 > D1$ . Each indifference curve joins points of equal total utility, the slope of each representing the required rate of substitution necessary to maintain a particular level of utility. Convexity reflects the standard assumption of diminishing marginal returns and means, for example, that at a point (S) where doctors are already largely responsible for implementation that they will demand significant policy concessions before agreeing to do more.

However abstract the concept of indifference curves, the diagram is useful because it reveals the potential – often realized – for conflict between the BMA and the MoH. What outcome to the bargaining process does it predict? To know this it is first necessary to identify the non-agreement point: the outcome that will occur in the absence of compromise. Because

a British government with a sufficient majority can always, as the profession itself recognized (BMJ 1946c, p. 240), pass the legislation it wants and because doctors can always refuse to assist in the implementation of that legislation, N is the non-agreement point. Neither actor will want or need to accept a worse outcome. Compromise and negotiation are likely because this outcome is not pareto-optimal. If the MoH makes policy concessions in return for the BMA's assistance in implementing policy, both can be made better off.

Any outcome within the area NQPR is pareto-superior to N: moving doctors away from D2 and toward D3 ( $D3 > D2$ ) and government away from G2 and towards G3 ( $G3 > G2$ ). Of these, those along the line QR are pareto-optimal. It is not claimed that such an agreement will necessarily benefit the patients but at these points it is impossible to make the BMA or the MoH better off without making the other worse off. The BMA was not unaware of the possibility of such a compromise. In a public address in 1946, Dain was able to express:

great hopes that we may secure modification of the Bill very materially. After all, it is up to the Minister to provide a service for the country, and he cannot provide a service for 100 per cent of the people unless he has 100 per cent of the doctors. That fact alone may lead to the consideration of the sort of modifications which the profession would accept (BMJ 1946d, p. 536).

The focus in this section has been upon the relationship between the BMA and the MoH but the argument is intended to be of general relevance. As Grant Jordan and Jeremy Richardson (1979, p. 172) recognize, 'public policies are the outcome of a process of adjustment between organisations . . . pressure groups and government have come to recognise that they need each other in order to achieve their respective objectives'. When a particular pressure group is opposed to a policy and can credibly threaten to withdraw its co-operation, compromise and negotiation will take place because compromise and negotiation are mutually beneficial. Government may not want to concede ground but as Dave Marsh and Rod Rhodes (1992b, p. 181) show in the case of Thatcherism, 'rejection of consultation and negotiation almost inevitably led to implementation problems, because those groups/agencies affected by the policy, and who were not consulted, failed to cooperate, or comply with, the administration of the policy.'

### III TRANSACTION COSTS AND THE THREAT TO CO-OPERATION

As might be expected, the eventual and agreed structure of the NHS was a compromise (BMJ 1948a, p. 937). The BMA did not get all it wanted. Hospitals were still nationalized, the sale of practices abolished and a baseline salary for new doctors introduced. But in return for Dain's promise that 'the profession will do its utmost to make the new service a resounding success' (Webster 1988, p. 127), the MoH did make significant policy con-

cessions. Doctors' right to treat private patients was acknowledged, the basic structure of the independent contractor system retained, a system of distinction awards for hospital consultants introduced and the central direction of medical labour largely forsworn. Of subsequent interest in this article is not the fact that a mutually beneficial exchange took place but the method by which it was achieved.

Exchange always takes place within the context of a particular governance structure, defined by Williamson (1986, p. 155) as 'the institutional setting within which the execution of transactions is completed'. Two forms of governance structure are usually identified: the market within which exchange is made possible by the use of *contracts* and hierarchy within which exchange is made possible by the use of *authority*. We will consider first the use of contracts. In a contract, both parties specify obligations to each other that can be enforced, if necessary, through the intervention of the courts. Could the BMA and the MoH have used a contract to secure agreement: the MoH agreeing to make X policy concessions in return for Y assistance in the implementation of policy? Given that no such contract was used, the question may appear strange but as Ronald Coase (1937) was the first to observe, in a world of zero transaction costs such an arrangement would be entirely feasible. In the 'real world' of which Williamson (1995, p. 27) is fond of talking, transaction costs – defined as the costs of exchanging rather than producing goods and services – are rarely zero and for this reason markets are not always efficient and for this reason are not always employed by actors to facilitate exchange.<sup>2</sup> Four different sources of transaction costs threatening contractual exchange between the BMA and the MoH can be identified: complexity, power asymmetries, information asymmetries and thinness. Whilst attention is again focused upon relations between the BMA and the MoH, the argument is intended to be of general relevance as these transaction costs are a pervasive feature of relations between government and pressure groups.

### Complexity

A proposed exchange is more complex the larger the number of contingencies that have to be considered *ex ante* by both parties before being able to specify what will *ex poste* constitute satisfactory performance of an agreement. Because negotiation is costly in terms of both time taken and legal fees spent and because an incompletely specified contract will leave one or both parties vulnerable to exploitation by the other, the use of contracts is most likely when complexity is minimal. For two reasons, any contract between the BMA and the MoH would have been extremely complex.

First, the number of contingencies was simply too large. As Rudolf Klein (1995, p. 1) emphasizes, the NHS was a significant policy innovation; one that required the nationalization of over 1,500 hospitals, the employment of over 500,000 people and the extension of general practitioner care to the entire population. Given inevitable limits upon individual foresight, neither

the BMA nor the MoH could have known what would and would not work in the new service. No contract could have been written prior to the establishment of the NHS because no one could have known with sufficient precision what the contract would need to contain. Second, and as already noted, the MoH sought from the BMA their 'consummate co-operation': the use of judgement, enthusiasm and initiative. As Williamson (1975, p. 79) observes, such qualities are extremely difficult to define in contractual terms. How, for example, could the MoH have shown to the satisfaction of a court that the BMA had not shown 'enthusiasm' for a new policy?

### **Power asymmetries**

Contracts are meant to eliminate the possibility of exploitation by committing actors to particular and predetermined courses of action. If one party reneges upon an agreement, the other can seek to enforce compliance or achieve compensation through the courts. But government cannot always be constrained in this way because uniquely it can overturn or ignore judgements against it (Eggertsson 1990, pp. 317–57). In the British system, the very claim to parliamentary sovereignty and the absence of substantial checks and balances undermines the government's contractual credibility.

Consider the BMA's already noted opposition to a full-time salaried service. Whilst during negotiations Bevan assured the BMA that he would not introduce such a measure he also told the House of Commons that 'there is all the difference in the world between plucking fruit when it is ripe and plucking fruit when it is green' (BMJ 1948b, p. 64). As part of the eventual agreement reached in 1948, the BMA forced Bevan to introduce amending legislation making it impossible for a minister to introduce a salaried service without further legislation. But as the BMA must have been aware, this was far from making the introduction of a salaried service itself impossible. However carefully drafted, no contract could have achieved this objective.

### **Information asymmetries**

Having signed a contract, government will want to know that doctors are implementing policies in intended ways. Information asymmetries occur and complicate exchange when the underlying circumstances relevant to a trade are known by one or more but not all the parties to that exchange. A familiar example is that of the market for second-hand cars where unless they are a mechanic the potential buyer will fear that they are being sold a 'lemon' by an unscrupulous dealer (Akerlof 1970). In our case, the source of the information asymmetry is government's lack of specialized medical knowledge and physical distance from the 'street level bureaucrats' (Lipsky 1980) implementing policy. This asymmetry can be reduced if government employs additional agents to undertake *ex poste* monitoring but such a contractual safeguard itself represents a significant transaction cost that will reduce the benefits of exchange.

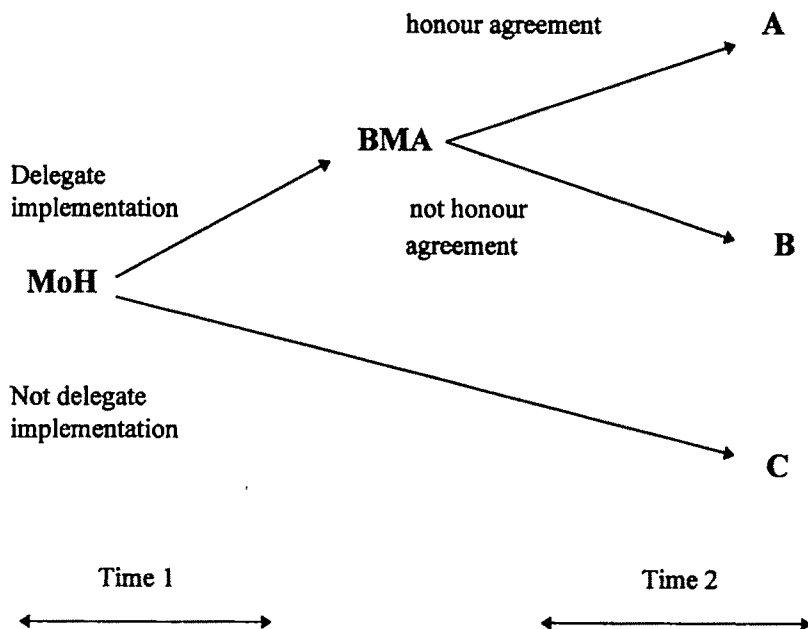
### Thinness

A transaction is thin the smaller the number of trading partners an actor can deal with to achieve their desired objectives. To this extent, thinness is simply a measure of monopoly; the twist added by transaction cost theorists being the observation that the very consummation of an exchange can leave one or both actors more reliant on the other. One anticipated consequence of creating the NHS was that private medicine would largely disappear as middle-class patients registered themselves with state doctors. As such, the creation of the NHS was expected to increase the doctors' reliance upon the government for employment. On the other side of this equation and as Martin Smith (1993, p. 175) suggests, by eventually creating a health service in which much of the responsibility for implementing policies was delegated, the government became more reliant upon the doctors. This would not have posed any difficulty if the terms of any contractual agreement between the BMA and the MoH could have been completely and indefinitely specified but as already noted such a solution was not available.

With respect to the MoH's reliance upon the doctors, how will thinness influence the prospects of reaching an agreement? The answer suggested by Gary Miller's (1992, pp. 110–15) equivalent analysis of labour relations within the firm is that the BMA will avoid delegating implementation in the short term for fear of being exploited in the long term. The reasoning behind this conclusion is shown in figure 2. At time (T)1, the MoH has the choice of whether to delegate implementation under the terms of a contract so complex that it can last only until T2. If implementation is not delegated the outcome is C. At T2 and if implementation has been delegated, the MoH's dependency upon the BMA will have been increased. The BMA then has the choice of whether to exploit this advantage or remain true to the spirit of the agreement signed at T1. If it chooses to honour the agreement, the outcome is A and if it chooses not to honour the agreement, the outcome is B. For the MoH  $B > C > A$  and for the BMA  $A > B > C$ . The dilemma is that whilst the government knows that if it delegates implementation doctors will have every reason to exploit their position ( $A > B$ ) and that it should therefore not delegate implementation ( $C > A$ ), this outcome is *par-to-inefficient* as for both actors  $B > C$ .

When transaction costs are high, transaction cost theorists argue that hierarchy characterized by the use of authority will be more efficient than markets and be chosen by rational actors for this reason. Authority is present when 'some form of subordination prevails' (Williamson 1975, p. ix): that is when one actor can order another to behave in a particular way. The most obvious example of a hierarchical relationship is that found between an employee and an employer. Here, repeated and detailed contract negotiations are not necessary as the employee simply agrees to do whatever their employer tells them to. The distinction Williamson draws between markets and hierarchy appears exaggerated as in both an important role is played by a third party, the courts. The employee agrees to work for an employer





MoH -  $A > C > B$

BMA -  $B > A > C$

FIGURE 2 *Co-operation and exploitation*

knowing that if the employer fails to pay the agreed wage payment can be legally enforced. The difference between markets and hierarchy appears instead to lie largely in the nature of the decision-making process. In a market, decision-making is decentralized and obligations are precisely defined. In a hierarchy, decision-making powers are given to a limited number of individuals and discretion exercised by them in specifying obligations.

Will hierarchy facilitate exchange between government and pressure groups? The simple answer is that it will not. With reference to figure 1, at the start of negotiations, the BMA will be unwilling to concede hierarchical authority to the MoH because they will know that the MoH will use this authority to achieve their most preferred and the doctor's least preferred outcome, M. Equally, the MoH will be unwilling to concede hierarchical authority to the BMA because they know that the BMA will use this authority to achieve their most preferred outcome, O. In the case of the employee-employer relationship, hierarchy is attractive to both parties because it is assumed that the employee has no particular preference over

the nature of the tasks they are called upon to perform. The BMA cannot remain indifferent to the direction in which authority is exercised as it is precisely this that they seek to influence.

#### IV NETWORKS AS A GOVERNANCE STRUCTURE

Complexity, thinness and power and information asymmetries give one actor the opportunity to exploit another. Exchange is threatened because neither actor trusts the other not to exploit this opportunity. It should be noted that if the BMA trusted the MoH to act fairly and that if the MoH repaid this trust then the existence of, for example, a power asymmetry would not in itself threaten exchange. Ultimately, it is the lack of trust that threatens exchange. Given Williamson's (1985, pp. 47–9) assumption that actors will always act opportunistically, trust in this context should not be equated with blind faith. An actor will trust another only if they calculate that the likely benefits of doing so outweigh the likely costs (Williamson 1993). Actors will trust only if they have reason to trust.

Markets and hierarchies generate trust by providing institutional safeguards. The employee is prepared to work for the employer because they trust that they will be paid and they place their trust not in the personal integrity of the employer but in the efficacy of the legal system that will enforce their agreement. Neither markets nor hierarchies are able to provide safeguards sufficient to generate trust between government and pressure groups. But as critics of Williamson's work frequently observe, networks offer an alternative form of governance structure (Thorelli 1990; Powell 1990; Thompson *et al.* 1991). In this section it will be argued that the defining characteristic of a network is a trust that does not depend on the presence of formal and exogenous safeguards.

However great the frequently observed disagreement between theorists as to how such basic terms as issue network and policy community should be defined, there is, within the British literature, a considerable and long-standing agreement as to how policy communities as one particular form of network should be conceived. Rhodes (1988, pp. 42–3) distinguishes between different communities in terms of the 'operating codes', 'underlying philosophies' and 'rules of the game' that animate relations within them. Stephen Wilks and Maurice Wright's account (1987, p. 305) also emphasizes the importance of rules like informality and the avoidance of disputes that amount to an 'unwritten constitution' governing relationships. In a separate piece, Wright (1988, p. 599) argues that 'in order to try to understand . . . what actually happens in the policy process we have to try to identify those norms of behaviour . . . which influence and determine policy'. A corresponding set of arguments is to be found in Jordan and Richardson's *Governing under Pressure* in which the authors (1979, pp. 100–1) seek to discover the 'operation understandings' which influence 'the process by which and the atmosphere within which . . . policy-making is resolved'. Again, much is made of the importance of rules which allow

actors to achieve 'understandings which benefit all participants' (Jordan 1990a, p. 472).

That such rules and understandings exist and are respected clearly facilitates exchange: they allow actors to eschew formal contracts and careful monitoring in favour of tacit agreements. Such rules are constitutive of a policy community, giving each actor information about how others can be expected to act and so allowing 'a specific item of business [to be] transacted in a context where participants already have mutual needs, expectations [and] experiences' (Jordan 1990b, p. 326). Because they are informal and unwritten, such rules cannot be enforced in the way a legally recognized contract can. Neither is compliance ensured by giving one actor hierarchical authority over the actions of another. Clearly the actors in a policy community must trust each other not to exploit their positions and trust each other in the absence of any external safeguards. It is trust that makes the emergence and survival of such rules possible. But why do actors not abuse and so eventually destroy this trust?

It cannot be argued that actors trust each other because they do better if they trust each other. Such an argument is correct insofar as trust does indeed make possible the pareto-superior move from M to QR in figure 1 but it is also incomplete. Functional explanations of this sort are only satisfactory if a feedback mechanism – such as the competitive market – can be identified that eliminates actors who do not trust each other. Perhaps it could be argued that pressure groups that abuse the trust placed in them will not only fail to influence policy but for this reason will eventually lose members and disappear. This would, however, be a fragile foundation upon which to account for the existence of trust and for this reason, the concept must be given micro-foundations.

Actors in a policy community trust each other because their relations are historically, socially and personally *embedded* in an ongoing system that 'generates standards of behaviour that not only obviate the need for but are superior to pure authority relations in discouraging malfeasance' (Granovetter 1985, p. 498). The concept of embeddedness which is usually found within the 'sociological' rather than 'economic' new institutionalism can be introduced here through the use of some simple game theory. In figure 3, the two actors, we will once again assume the BMA and the MoH, have the choice of whether to co-operate or defect. If an actor co-operates they will not only trust the other actor but will not abuse any trust placed in them. If an actor defects they will not trust the other actor and will abuse any trust placed in them. If both actors defect then no exchange will take place and with reference to figure 1, the outcome will be the non-agreement point of N. If both actors co-operate the eventual outcome will fall somewhere along the line QR. If the BMA co-operates with the MoH but the MoH defects by, for example, reneging upon an agreement not to introduce fixed salaries, the eventual outcome will be M. If the MoH co-operates but the BMA defects by, for example, exploiting the government's dependency

upon them once implementation is delegated, the eventual outcome will be O.

Given the structure of preferences already established in figure 1, it can be seen that the game is equivalent to the prisoner's dilemma. In any single play, it is rational for an actor to defect regardless of whether the other co-operates even though this leads to a pareto-inferior outcome ( $QR > N$ ). If, for example, the BMA co-operates, the MoH should defect ( $M > QR$ ) and if the BMA defects the MoH should also defect ( $N > O$ ). In these circumstances, there is no reason for one actor to trust another. However, as is now equally well known, when (i) the number of actors is relatively small, (ii) contact with those outside the network is limited, (iii) there is frequent interaction between actors and the expectation of future interaction, and (iv) co-operation in one area can be made contingent upon co-operation in others, co-operation and trust can develop (Axelrod 1984; Taylor 1987; Dasgupta 1988; Coleman 1990; Kreps 1990; Chong 1991). In these cases, relations can be described as being embedded. By giving actors incentives to co-operate, embeddedness can generate a different outcome to the game: one of conditional co-operation. Embeddedness offers an internal solution to the prisoner's dilemma in which no third party is required to enforce co-operation.

In the conclusion to his history of the NHS, Brian Watkin (1978, p. 19) comments that it is difficult to understand why it took two years for the BMA and the MoH to reach an agreement as not only the need for but the eventual terms of compromise had long been recognized by both parties. Certainly and immediately after the NHS Act had been passed, the Secretary of the BMA, Sir Charles Hill, let it be known that if the MoH made concessions on the introduction of a full-time salary that the BMA would accept abolition of the sale of practices. So why did it take until June 1948

		MoH	
		Co-operate	Defect
BMA	Co-operate	QR	M
	Defect	O	N

BMA -  $O > QR > N > M$

MoH -  $M > QR > N > O$

FIGURE 3    *Co-operation and defection*

to reach essentially just such an agreement? The first part of the answer to this question is that neither contract nor authority could be used to facilitate exchange. The second part is that initially there was insufficient trust to make agreement possible in the absence of such formal safeguards. The BMA did not trust the MoH generally and Bevan in particular to protect their interests once the NHS had been formed. As an editorial in the *Lancet* (1948, p. 561) noted, 'to the majority of doctors, the service is objectionable far less for what it is than for what it might become'. Specifically, the BMA did not believe Bevan's assurances that a full-time salaried service would not eventually be introduced: assurances whose true value was felt to have been revealed in the Minister's comments about 'picking fruit' (Webster 1988, p. 103).

This Act is the first and substantial step towards a whole-time state medical service. Even those who might be inclined to 'give it a chance' see the grave risks . . . once the profession crosses the Rubicon there will be no retreat . . . Mr Bevan will have the power by regulation to make medical men whole-time servants of the state. Once in his service we shall be powerless to do anything more than haggle over terms and conditions (BMJ 1948c, p. 153).

Yet by June 1948 and on behalf of the BMA, Dr. Dain was ready to accept Bevan's promise that 'the profession shall always be consulted about regulations' and was telling a public meeting that the MoH 'has for thirty years always dealt with us [the BMA] fairly' (BMJ 1948d, p. 1086). Why were relations at one stage so poor and why did they subsequently improve?

Returning to the earlier list, the first two aspects of embeddedness are the number of actors in and the degree of closure of a network. Of interest here is Harry Eckstein's (1960, p. 104) argument that compromise became possible in 1948 not because of the immanence of the deadline for launching the NHS but because Bevan's own room for manoeuvre had increased. When legislation was being piloted through Cabinet and cabinet committees, any agreement between the BMA and the MoH could have been overturned by either the Treasury who were concerned about the financial implications of the service or Herbert Morrison who was determined to ensure a greater role for local authorities in the administration of the service. Later and when subject to parliamentary debate, negotiations were threatened by Bevan's need to appease his own frequently militant backbenchers with a mixture of bellicose threats, denunciations and promises to concede no further ground. In this atmosphere, Eckstein argues, compromise became impossible. Relations only started to improve once the Bill had been passed and the MoH given sole responsibility for reaching an agreement: that is when the network was closed and the number of actors reduced. In this way, the very structure of the policy-making process contributed first to the erosion and then the rebuilding of trust.

For relations to become embedded and trust to develop, there must also

be frequent interaction between actors. Here at least, Bevan's inheritance was a positive one as intense discussions between representatives of the BMA and the MoH had taken place throughout the war (Klein 1995, p. 10). Furthermore, whilst Bevan himself might have been an unknown quantity having never previously held ministerial office, the Permanent Secretary at the MoH, Sir Douglas William Scott, the Deputy Secretary, Sir John Wrigley, and the Chief Medical Officer, William Jameson, all had previous experience of negotiating with the BMA. Initially embedded relations were threatened only when Bevan, citing the requirements of parliamentary sovereignty, announced that he would permit comment upon his Bill but not a 'long series of protracted negotiations' (Webster 1988, p. 93). The *British Medical Journal* (1946c, p. 240) complained that the BMA was 'faced with a peacetime Minister who consults but does not negotiate or, in the ordinary sense of the word, discuss.'

Over the next year and as the Conservative Opposition never tired of observing, Bevan became, in the minds of the BMA's negotiating team, part of the problem and not part of the solution. Indeed it is an indication of how fragile relations became that when negotiations restarted a pivotal and largely covert role had to be played by intermediaries like the President of the Royal College of Physicians, Lord Moran, and the President of the Royal College of Surgeons, Sir Alfred Webb-Johnson. It was, for example, Moran who proposed that as a token of Bevan's good faith amending legislation be introduced to allay the BMA's fears that a full-time salaried service was to be introduced. In a mature policy community, discussion, consultation and negotiation are ongoing. Whilst relations between the BMA and the MoH were far from mature, they were helped by the common knowledge that if the NHS were established relations would not only continue but intensify. By locking the actors into a network, 'thinness' actually made co-operation more likely by turning a 'one-shot' game into an iterated relationship. Knowing that there would be a need to co-operate in the future, the incentives to co-operate in the present were increased.

Finally, and as Robert Keohane (1984, p. 129) argues in the case of international regimes, co-operation between actors is easier to achieve if negotiations can be broken down into discussion of a series of issues. When negotiations are embedded within other negotiations, trust can develop because actors will realize that defection in any one area will lead to an unravelling of co-operation in others. Throughout the war, discussions between the BMA and the MoH had been conducted in this piecemeal way. Initially, Bevan adopted a similar strategy, linking discussion of the NHS to ongoing and otherwise separate pay negotiations. Relations deteriorated only when Bevan repudiated an earlier understanding, reiterated by Willnick in May 1945, that doctors would be able to buy and sell medical practices. As Klein (1995, p. 16) comments, 'compromises which might just [have been] acceptable [to the BMA] as part of an agreed package were no longer so once the package itself had been unwrapped by the Minister with-

out consultation.' The BMA reacted – in Bevan's mind overreacted – by denouncing the entire Bill. When negotiations eventually restarted, compromises had to be painfully repackaged and trust rebuilt.

Measured purely in terms of the time taken, the transaction costs of the eventual agreement reached between the BMA and the MoH were high. Furthermore and on several occasions, negotiations came close to collapsing. But sufficient trust was eventually established to make agreement possible without having to resort to the use of either markets or hierarchies. The network might have been fragile but it was still the governance structure chosen to facilitate exchange.

## V CONCLUSION: EXPLAINING WITH NETWORKS

After a series of case studies examining relations between government and pressure groups and in an effort to clarify discussion, Marsh and Rhodes (1992a, p. 251) construct a typology of policy communities and issue networks the familiar contents of which are reproduced in table 1.

TABLE 1 *Types of policy networks: policy communities and issue networks*

<i>Dimension</i>	<i>Policy community</i>	<i>Issue network</i>
	<i>Membership</i>	
Number of participants	Very limited number, some groups consciously excluded	Large
Type of Interest	Economic and/or professional interests dominate	Encompasses range of affected interests
	<i>Integration</i>	
Frequency of interaction	Frequent, high-quality, interaction of all groups on all matters related to policy issues	Contacts fluctuate in frequency and intensity
Continuity	Membership, values and outcomes persistent over time	Access fluctuates significantly
Consensus	All participants share basic values and accept the legitimacy of the outcomes	Some agreement exists, but conflict is ever present
	<i>Resources</i>	
Distribution of resources (in network)	All participants have resources, basic relationship is an exchange relationship	Some participants may have resources, but they are limited, basic relationship consultative
Internal	Hierarchical; leaders can deliver members	Varied, variable distribution and capacity to regulate members
Power	There is a balance of power among members Although one group may dominate, it must be a positive-sum game if community is to persist	Unequal powers, reflecting unequal resources and unequal access – zero-sum game

Source: D. Marsh and R. Rhodes (eds.), *Policy Networks in British Government* (Oxford, Oxford University Press, 1992), p. 25.

In a generally sceptical but very influential review of the network literature, Dowding (1995) expresses particular reservations about the value of this account. First, it is argued that the labels policy community and issue network cannot explain outcomes as they fail to distinguish between dependent and independent variables. What is required is a 'proper model which causally relates the characteristics [in the typology] to each other' (1995, p. 141). Second, Dowding argues that any element of explanation in this account can be traced not to the characteristics of the network but to the characteristics of the actors within it. Only in formal sociological network analysis where 'networks are distinguished from one another by the relations between the actors rather than in terms of the attributes of the actors does the invocation of network explain anything' (1995, p. 152).

Dowding's criticisms provide a benchmark against which the arguments of this article can be judged. First, using the transaction cost perspective it has been possible to relate the elements of the Marsh and Rhodes typology to each other. An initial and necessary condition for the emergence of a policy community is that an actor has a resource that is valued by another. In the example considered, the BMA had the capacity to alter the costs of implementing policy and the MoH the capacity to alter the policy itself. For this reason, relations were potentially positive-sum. Such exchange relationships need not always develop.

If a pressure group is unable to significantly alter the costs of implementing a policy then relations are likely to be zero-sum and the basic relationship one of consultation. Exchange of resources is threatened by high transaction costs inherent in the relationship between government and pressure groups. Exchange is made possible not by the use of contracts or authority but by the development of trust and trust is most likely to develop when relations are embedded: that is when the number of participants is small, some groups are consciously excluded and there is frequent and high-quality interaction. Once established, outcomes will be pareto-superior to those achieved in the absence of trust and for this reason are likely to be accepted as legitimate by both parties. In this way, the dimensions of (i) the number of participants, (ii) type of interest, (iii) frequency of interaction, (iv) consensus, (v) distribution of resources, and (vi) power in table 1 can be placed in a causal ordering.

Turning to Dowding's second argument, what is the explanandum in this account? Certainly and as already acknowledged, the attributes of the actors matter. A pressure group like the BMA can achieve a particular outcome because it has particular and valued resources. This is not only to be expected but to be welcomed for, as critics of formal sociological network theory argue, any explanation that depends entirely upon the nature of relations between actors is inadequate (Friedman and McAdam 1992). But in viewing networks generally and policy communities specifically as a form of governance structure, it is clear that the relations between actors *also* matter. For David Knoke and James Kuklinski (1982, p. 10), relations



refer to: 'actions or qualities that exist only if two or more actors are considered together. A relation is not an intrinsic characteristic of either party taken in isolation, but is an emergent property of the connection or linkage between units of observation'.

The argument in this article is that it matters not whether relations between actors exist but whether they are embedded. Whether relations are embedded cannot be discerned with reference to only one actor. To say that relations are between a small number of actors and that they are frequent and of a high quality is to say something about the network and not the actors within it. The transaction cost framework therefore encourages explanation at both the 'micro' level of individual actors and the 'meso' level of relations between actors.

## NOTES

1. The eventual structure of the NHS is a product of choices made over a series of individual issues, the more salient of which have already been noted. All this presentation demands is that the doctors – represented by the BMA – have preferences over all possible structures and that these preferences are transitive.
2. More formally, transaction costs can be defined as 'the costs of deciding, planning, arranging and negotiating the action to be taken and the terms of exchange when two or more parties do business; the costs of changing plans, renegotiating terms, and resolving disputes as changing circumstances require; and the costs of ensuring that parties perform as agreed' (Milgrom and Roberts 1990, p. 60).

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# RECONCEPTUALIZING THE BRITISH STATE: THEORETICAL AND EMPIRICAL CHALLENGES TO CENTRAL GOVERNMENT

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Britain is generally perceived as having a hierarchical and unified political system with power concentrated in the central institutions of the state. This conception has not only influenced analysis but has affected the behaviour of politicians. However, in recent years both conceptions of the state and, how it operates, have been challenged. Conventional approaches concerned with the internal workings of the state have largely taken the nature of power as unproblematic. Consequently they have oversimplified the nature of power relationships within the state. In the last five or ten years the dominant conceptions of the core state have been questioned by theoretical and empirical challenges such as globalization, the core executive, the reform of government, bureau-shaping and new approaches to power. The article analyses how these challenges require a reconceptualization of the central British state.

Britain is generally perceived as having a hierarchical and unified political system with power concentrated in the central institutions of the state. This conception has not only influenced analysis but has affected the behaviour of politicians. However, in recent years both conceptions of the state and, how it operates, have been challenged. Conventional approaches concerned with the internal workings of the state have largely taken the nature of power as unproblematic. Consequently they have oversimplified the nature of power relationships within the state. In the last five or ten years the dominant conceptions of the core state have been questioned by theoretical and empirical challenges such as globalization, the core executive, the reform of government, bureau-shaping and new approaches to power. The aim of this article is to outline the traditional approaches to the state and show how they have been challenged by theoretical advances and empirical change. How we conceive of the state has been forced through a re-evaluation because of the complex interactions between theory and empirical reality. These changes force us to view the 'core executive' as the site of complex interactions in the policy process. The article begins by reviewing approaches to central government.

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## APPROACHES TO CENTRAL GOVERNMENT

The study of British central government has been dominated almost throughout the twentieth century implicitly and explicitly by the Westminster model. Whilst from the 1960s onwards political scientists through behavioural and institutional studies began to question the Westminster model, they remained very much within this paradigm. Institutional and behavioural analysis did not question the fundamentals of the Westminster model but corrected some of its simplicities.<sup>1</sup> The Westminster model is built on the assumption that there is parliamentary sovereignty (Gamble 1990; Judge 1993): all decisions are made within the authority of the Crown-in-Parliament and there is no higher authority. Legitimacy and democracy are maintained because ministers are answerable to Parliament, and the Commons is elected by the people. Decisions are taken by Cabinet and implemented by a neutral civil service. This view is derived from the Whig notion that there was balance in the constitution (Tant 1993, p. 63). The Cabinet could effectively take decisions but any abuse of power could be checked by Parliament and ultimately the electorate (Mackintosh 1977).

This model contained normative, prescriptive and empirical elements. Normatively the model provided for the best system of government. It was able to combine government responsibility – and within that a strong notion of governmental autonomy – with democratic control through accountability and elections. 'Britain's success in maintaining economic advance, overseas expansion and political stability was credited to the excellence of British political institutions' (Gamble 1990, p. 407). Consequently, the model became a prescription of what government should be and was exported in particular to colonies and ex-colonies (Payne 1993; Norton 1991a).

The Westminster model prescribed both what government did (or does) and the way it was examined. It also provided the agenda for the focus of empirical work on central government. For Judge (1993, pp. 132–3):

In a fundamental sense normative theory and practice cannot be separated, simply because one affects the other (though not necessarily in the intended ways). To describe practice in institutional terms therefore does not inevitably mean that the description is normatively biased towards an acceptance of an ideal version of political relationships, merely that the pattern of those relationships is influenced in part by normative theory itself. In other words, the organisation and structure of the central state has to be analysed within the prevailing ideas of legitimate – of representative and responsible, of *parliamentary* – government.

The Westminster model clearly reflected empirical reality to a certain extent. Power was concentrated within the parliamentary system, the exercise of power was hierarchical and the system was relatively closed to outside influences. This view reflected a belief that this system is the way things *should* be and subsequently led to misconceptions about both the nature of power and the location of the focus of research. The normative

presumptions of the Westminster model underpinned empirical analysis of central government. Whilst this approach may have reflected, to some extent, political reality – particularly pre-war – it was always too narrow in its focus.

In the 1960s and 1970s many analysts developed critiques of the Westminster model through questioning the power of Parliament, the neutrality of the civil service and the relationship between the Prime Minister and the Cabinet (see for example Mackintosh 1977; Walkland and Ryle 1977; Kellner and Crowther Hunt 1980). Although this material questioned the Westminster model's notion of where power was located, it did not question in principle the view of power being within the parliamentary arena or the implicit assumption that power was an object. It accepted the constitutional prescription and still analysed power in a behavioural fashion. As Leys (1989, p. 7) points out, this conception led to power being seen as residing solely within the system and, particularly, within the interface between Cabinet and Prime Minister.

There is much of use in the work of people such as S.E. Finer, John Mackintosh and George Jones who empirically undermined some of the assertions of the Westminster model. However, there is a need to move the debate outside the confines of the Westminster model and to develop explanations of central government that pay more attention to theory and attempt to locate central government in the outside world. Rhodes and Dunleavy (1995) and Rhodes (1995) have suggested a new framework of analysis – the 'core executive'. The core executive is:

the heart of the machine, covering the complex web of institutions, networks and practices surrounding the Prime Minister, Cabinet and cabinet committees and their official counterparts, less formalised ministerial 'clubs' or meetings, bilateral negotiations and interdepartmental committees. It also includes co-ordinating departments, chiefly the Cabinet Office, the Treasury, the Foreign Office, the law officers, and the security and intelligence services (Rhodes 1995, p. 12).

Unlike the 'Westminster model' paradigm the core executive approach suggests a range of institutions are important in the operation of central government; that the distribution of power may be horizontal rather than vertical and that power is not concentrated in a limited number of institutions. Rather than offering a simple model of government, it implies that there is an absence of firm boundaries to central government and that an important focus for research is the complexity of interactions between different elements of the core executive (see Lent 1997). However, the theoretical and analytical framework behind the core executive model is unelucidated and there is a need to develop an understanding of how power operates within the core executive.

The argument of this article is that whilst the Westminster model and its critics reflected in some sense both empirical and normative elements; it

was always an oversimplified approach to the understanding of central government. It never explicated its theoretical assumptions and its empirical focus was too narrow. The shift to the core executive model represents a normative, empirical and theoretical re-evaluation and a recognition that as a heuristic device the Westminster model was always flawed. The rest of the article will highlight the limits of the Westminster model and how recent theoretical and empirical changes have exacerbated the extent of the problems.

### WEAKNESSES OF THE WESTMINSTER MODEL

Nearly all research on central government has either explicitly or implicitly derived from an analysis of the Westminster model. It has either developed the model (Jennings 1966) or it has attempted to reassess the model (Mackintosh 1977). In either accepting or rejecting the claims of the pure Westminster model most analysis of central government has operated within the agenda it created. As a consequence, analysis of central government is generally, institutional, behavioural and constitutional. It is institutional in its concern for the workings and power of particular institutions. It has been predominantly behavioural by insisting that power is observable – and in some cases measurable. It has also been largely constitutional accepting the constitutional conventions concerning where power lies and who are the important actors. The combination of institutionalism, behaviourism and constitutionalism has led to the notion that central government is hermetically sealed, and it has produced over-simplified questions and answers concerning the distribution of power within the central state.

A core underpinning of traditional institutionalism is parliamentary sovereignty. The implications of this principle are twofold. First, as a result of party discipline and the growth of government, the majority of key decisions are made within the executive – parliamentary sovereignty is in reality executive sovereignty. Reinforced by a deferential political culture, secrecy, and élitism, the key sites of political decision-making are the higher echelons of the civil service, Cabinet and the Prime Minister. Second, the link between parliamentary sovereignty and national sovereignty means decisions are made within the confines of the nation-state. Within the 'Westminster model' the Crown-in-Parliament is 'absolutely and inalienably sovereign' and so, 'British governments cannot share power with other tiers of government, sub-national or supra national' (Marquand 1988, p. 9). Other actors such as pressure groups, local authorities and international organizations like the European Community are recognized as having an input (Middlemas 1979; Beer 1982), but the arena of their activity is Parliament and the academic interest is concerned with their impact on Parliament (Raison 1979; King 1975; Hailsham 1978).

The democratic legitimacy of parliamentary sovereignty was maintained by the notion of ministerial responsibility. Ministers are responsible for making decisions within their departments but they are then accountable

and answerable to Parliament for those decisions (Woodhouse 1994). Through Parliament there is a system of democratic control. However, as Judge points out, this conception of accountability results in a very hierarchical notion of power with it being situated at the apex of government departments.

This notion of sovereignty as the monopolization of power in increasingly limited places arises from a narrow conceptualization of power. For Mackintosh (1977, p. 35): 'In analysing a system of government, the student of politics seeks to find out who wields power, how the machinery for the exercise of power operates, what are the constraints on those with power and why society is prepared to accept these arrangements'. More explicitly Mackintosh points out (1977, p. 36): 'In terms of estimating which persons or institutions are most powerful within the government, the issue is who decides what the government tries to do, irrespective of whether satisfactory or sensible results are achieved'. This conception of power is widely used in studies of central government. Concern is largely with the individuals involved in policy decisions, who succeeds in influencing the outcome. What occurs beyond cabinet or the executive is to some extent irrelevant.

Within this conception of power there is almost no discussion of the theoretical assumptions in relation to the executive. It focuses almost solely, on the behaviour, motivations and interests of individuals. Although the context of the individuals is institutional – i.e. actors are studied within the context of Cabinet, department or as Prime Minister – little consideration is given to how these institutions affect their behaviour. The result is a conception of power that is observable and pluralist. As Norton argues, 'there has been some centralisation of power in central government' but 'the political system remains highly pluralist' (Norton 1991b, p. 153). The focus is on who is seen to succeed with the emphasis often being on their personality or their tactics without reference to the ideologies and structures that may have framed particular outcomes.

Within this behavioural and pluralistic framework power is conceived as an object. It is something that belongs to a particular actor or institutions – power is in the Cabinet or the Prime Minister or the civil service. It is something that is attached to the office. As a result power relationships are zero-sum games where there is a winner and a loser. Power is something that belongs to one institution or another. Power has shifted from the Parliament to the Executive to the Prime Minister. Those analysts involved in the prime ministerial/cabinet debate are attempting to develop and reassess the Westminster model but they do not question the theoretical assumptions of the approach. While providing important empirical material, they do not question the constitutional notion of where power lies nor do they discuss definitions of power. This leads to a notion of power that is both crude and static. Power is ascribed to an institution or person and fixed to that person regardless of the issue or the context. Power shifts over time but not fluidly within a particular situation.



Moreover, common to this approach is a high degree of emphasis on personality and individual volition. Many traditional approaches to central government see the distribution of power as relying heavily on the personality of the Prime Minister (Madgwick 1991). The power of the Prime Minister does not develop out of the complex relationship between the prime ministerial office, the institutions of the core executive and the outside world. Often it is the style of the Prime Minister that determines the shift from prime ministerial to cabinet government (Hennessy 1986; Kavanagh 1990; Madgwick 1991). This leads to a view that the volition of the Prime Minister changes the nature of government (King 1985; Wilson 1976; Foley 1993).

The assumptions of the 'Westminster model' and its critics lead to a particular approach to central government. Many people who have worked on central government have developed more sophisticated accounts of central government and they have been aware of the variability of prime ministerial power and the dependency of the Prime Minister and the Cabinet (King 1985; Barber 1984; Jones 1975). However, they have continued to operate within the confines of the Westminster model paying little attention to the outside world and remaining explicitly atheoretical and implicitly behavioural in definitions and methods. Until recently there had been almost no theoretical development in the analysis of central government (see Rhodes 1993; 1995a; 1996a for a discussion). Consequently, the focus has been on a very limited number of institutions, in particular the Cabinet and the prime minister (Smith, Marsh and Richards 1993). Accordingly, the analysis of British central government has been sterilized and simplified into a number of limited dualities. Norton (1991a, p. 5) asks: 'Has not cabinet government in Britain now been finally and irrevocably displaced by prime ministerial government? Is not the much vaunted independence of the Judiciary under threat? Is not Parliament incapable, even more so now than before of influencing government?' These debates are rehearsed endlessly never to be resolved.

These dualities emphasize the restricted notion of power that has dominated the analysis of central government. These debates simplify the relationships within the core executive, the nature of decision-making and the nature of modern government. They fail to place department, ministers and the Cabinet in context. The focus of research cannot be solely on institutions but needs to examine relationships and the contexts of institutions. It is necessary to examine the range of actors that are involved in a decision, the relationships they have with each other and the resources that they can use. Power has to be seen as fluid and relational, not static. In that sense power does not lie anywhere within the system because it is everywhere – all actors have resources and outcomes need to be negotiated. Hence the traditional conception of the state has been challenged both by empirical change and theoretical development. The next section of this article exam-

ines the theoretical and empirical changes that have occurred and suggests how they might allow us to reassess the nature of the core executive.

## **THEORETICAL AND EMPIRICAL CHALLENGES**

The notions underpinning the Westminster model such as prime ministerial and cabinet government reflected a world where it was perceived states were sovereign and a political system where it was believed that the sovereignty resided in the executive. Increasingly such a conception has been undermined by sets of linked but analytically separate changes in the world and corresponding developments in ways of understanding it. There was an increasing perception that the Westminster model was failing to meet political and economic problems and a growing salience of market rather than state solutions. The acceptance of the market as a solution to economic and political problems developed as a result of the apparent failure of Keynesian economics and state delivered services. The new faith in the market occurred partly as a result of changes in the international economy which have made it increasingly difficult for states to control their economic fortunes. The apparent failures of the state combined with market ideology have assisted the development of new public management which is based on the belief of injecting market criteria and management principles into the public sector. These ideas have produced a range of reforms resulting in a shift from a directive state to a more fragmented state. Such changes have influenced notions of governance as a flexible form of control rather than government as direct control. Although these various factors are closely inter-linked, the aim of the next section is to identify analytically separate theoretical and empirical challenges to conceptions of the central state.

## **I NEW RIGHT IDEOLOGY AND PUBLIC CHOICE**

### **New right ideology**

New right ideology, particularly as adopted by the British Conservative Party, does not offer a coherent view of the state. Combining elements of liberalism and traditional Conservatism, it on the one hand suggested the Westminster model was failing whilst on the other calling for the reassertion of parliamentary sovereignty. The new right offered a particular critique of the state based on notions of overload; budget maximization; the dominance of professions; threats to individual freedom and the continual growth of public expenditure undermining private investment (Pollitt 1994). The new right solution to these threats is to cut back the role of the state and, where possible, introduce competition to prevent budget maximization. However, Thatcher was strongly committed to parliamentary sovereignty and central to her project was the reassertion of executive authority in the face of intermediate institutions, the civil service and the European Union. Consequently, rather than the state being 'rolled back' in many areas power was centralized and increased (Gamble 1988).

The new right perspective on the state challenges many of the assumptions of the Westminster model. It sees government and the civil service not as neutral and electorally responsive but more concerned with personal utility maximization and attending to the claims of special interests. The result is an overextended state which takes too great a share of national wealth and is inefficient at producing public goods. Consequently, parliamentary accountability is not seen as an effective mechanism for controlling the behaviour of either politicians or bureaucrats. Indeed, much of the new right project has been concerned with introducing new forms of accountability – such as markets and managerialism – into government (see Stone 1995).

Conservative policies towards the state do not just reflect new right ideology. Despite initial resistance to government reform, many elements of new right thought were implemented including: marketization; the attack on the civil service; privatization and managerialism. Nevertheless, to see new right ideology as the main causal factor is to overestimate the coherence of the Thatcherite reform process and to underestimate the mundane, the accidental, the unintended and the historical antecedents (Marsh and Rhodes 1992). Much of the reform process was an attempt to increase 'value for money' at times of stringent budgets which was a process started before Thatcher was elected (Butler 1993). Rather than Next Steps being part of a new right strategy, it was an attempt to reinvigorate the search for value for money. There appears to be no coherent ideological or empirical justification for the Next Steps programme (Jordan 1994).

### **Public choice**

As well as new right ideology challenging the organization of the state by influencing governmental reform programmes, it has also influenced a theoretical challenge to central government in the form of public choice theory. Public choice is the application of economic theory and methods to politics and it has strongly influenced new right thought. In using this approach Niskanen maintains bureaucrats will maximize their budgets in order to best serve their own personal welfare. In addition, the state is a monopoly supplier and therefore public services are over-supplied at higher than market cost producing Pareto-inefficiency (Niskanen 1971 and see Dowding 1995).

One of the most interesting developments in public choice theory is Dunleavy's bureau-shaping model. Bureau-shaping attempts to provide a more specific and meso-level explanation of why the reform of government should have occurred so rapidly in Britain. Taking a public choice perspective, it questions the view suggested by writers such as Niskanen that as self-interested utility maximizers bureaucrats are necessarily budget maximizers. Dunleavy (1991) argues that the interests of bureaucrats are rarely served by budget maximization (as they do not directly receive the benefits). Rather: 'collective strategies of reshaping their bureaux into differ-

ent agency types can best advance senior officials' interests' (Dunleavy 1991, p. 174).

Indeed, their interests can be served by reducing the size of their bureaux. Bureaucrats 'try to reshape their departments as small staff agencies, removed from the lines of responsibilities and hence more insulated from adverse impacts in the event of overall spending reductions in their policy area' (Dunleavy 1989, p. 252). Dunleavy suggests this is possible because there are different types of budgets and senior officials will on most occasions be concerned with maximizing the core budget which is the part of the budget spent directly on the agencies' operation. Therefore, privatization and the hiving-off of agencies constitute rational behaviour by bureaucrats. By placing routine managerial and implementation functions in the hands of agencies high-level officials can concentrate on more fulfilling policy work (James 1995, p. 451). This approach challenges the idea that states are neutral tools for politicians or that they are uniform Weberian line bureaucracies (Dowding 1995).

Although the bureau-shaping model appears intuitively to have some appeal, there are a number of problems. First, although it may be able to explain why bureaucrats have not resisted reform, it cannot or does not explain why reform has occurred during the 1980s. If privatization, and the creation of management agencies, are in the rational self-interest of officials why has it not occurred before? The model again ignores the political and historical processes that have led to reform and to particular types of reform and instead focuses on the interests and behaviour of officials (and assumes that top officials have common interests). It also has a tendency to over-emphasize the power of officials (Chapman, Richards and Smith 1997).

Second, how does this model justify the assumption that the interest of senior officials is in policy work rather than management? It seems that the reforms of recent years have not resulted in more policy work but in greater managerialism (Pollitt 1994). Increasingly the role of permanent secretaries is one of managing rather than policy making. Sir Terry Heiser (1994, p. 23) has pointed out that amongst senior civil servants: 'the importance of "management" as opposed to "policy" is much more easily recognised, and the professionalism of civil service management, especially in the rising generation, is greater than ever in my time.' Recent reforms do not seem to have coincided with increased status for civil servants. According to Barberis (1994, p. 35) 'there has been much talk about the loss of influence exercised by top civil servants; about their subordination within the policy process; and about their role becoming more managerial'.

Third, the model seems to accept the idea that the creation of Next Steps agencies leads to a clear separation of 'policy' and 'operation'. It is clear, however, that many agencies have a distinct policy role (Massey 1995). Not just routine and managerial functions are being diverted into agencies.

Fourth, James (1995, p. 453) argues this model can explain the latest reform, market testing, as a reassertion of Treasury control. It seems the

impetus behind market testing is political. It is partly a result of the government wishing to do something to continue the process of reform as one of its few policy successes and it is a way of continuing the privatization programme. Finally, the model cannot explain why the Fundamental Expenditure Review has reduced the core budget and directly challenged the interests of senior officials by removing their jobs.

The bureau-shaping model has a tendency to ignore politics. There is little examination of what goes on in particular departments and how that might have affected the process of reform. Radcliffe (1991, p. 41) believes that Dunleavy's study is 'strongly non-political in that ministers themselves and the political environment in which departments operate are largely absent'.

## II INTERNATIONALIZATION AND GLOBALIZATION

### **Internationalization of economies and of government**

The post-war period has seen an exponential growth in the level of foreign trade, foreign exchange dealing and transnational companies. The 1970s and 1980s in particular saw the growth of foreign exchange markets, Euro-markets in credits and bonds and the growth of multinational banks (Hirst and Thompson 1992). 'Perhaps the main development of the 1980s was the growth of international markets in bonds and equities, and the growth of cross-border dealing in derivative instruments such as options, futures and swaps' (Hirst and Thompson 1992, p. 39). In addition, the growth of information technology and communications have greatly reduced the relationship between space and time. As Camillari and Falk (1992, p. 5) argue:

Within these global communication webs, territorial boundaries, which once represented natural barriers to communication, now become increasingly artificial. Organizations, communication, cultural and economic interchange and political strategizing extend over new communication territories which pay little or no attention to what may seem to be the increasingly ephemeral boundaries of nation and state.

The increasing importance of the international arena has led to the decline of sovereignty and undermined the idea that states can – if they ever could – seal themselves off from the international system. There has been a much greater interpenetration of the domestic field by external forces (Cerny 1990). Cerny believes the balance of resources has changed between states and transnational corporations and states are having to deal with international forces that they cannot control. Despite substantial efforts, the Conservative government had no choice but to allow the pound to leave the ERM.

Gamble and Payne (1996) ask whether the increasing response to these global forces is the creation of regional blocs? Certainly Britain finds itself part of the European Union which is institutionally and politically stronger

regionally than any other area of the world (George 1996). However, the impact of this bloc is to further threaten Britain's sovereignty. As Judge (1993, p. 182) acknowledges, Section 2 (1) of the European Communities Act 'gave effect to all the provisions of EC law which, in accordance with Community law have direct application or effect within member states' and this legislation effectively undermines the traditional notion of parliamentary sovereignty. As a result of internationalization and Europeanization, British governments are faced with new constraints, and the arena for much decision-making has moved outside Parliament. Therefore, traditional notions of an autonomous executive have been undermined. The theoretical impact of these changes has been explored most comprehensively in the notion of globalization.

### Globalization

Throughout social science there is an increasing interest in the impact of globalization as a response to increasing dependence and integration in the international arena. The importance of globalization is that it recognizes, unlike either domestic state or international relations theory, the permeability of the relationships between the domestic and international spheres. According to Waters (1993, p. 3) globalization is: 'A social process in which the constraints of geography on social and cultural arrangements recede and in which people become increasingly aware that they are receding.' For politics the impact of these changes seems to be a shift of power to transnational actors, whether intergovernmental organizations like the European Union or transnational corporations, and the subsequent loss of national sovereignty. Part of the process of globalization is that new public management has become the global form of public administration (see Hood 1995). There is, however, a core problem that runs through the globalization literature: it is unclear whether globalization is an explanandum or explanandum. Is the process of globalization the result or the cause of change?

The ambiguity is also apparent when globalization is used to interpret governmental reform. In the view of Cope, Leishman and Starie (1995, p. 553) globalization is causal: 'global competition forced state elites to restructure branches of the state'. Although later they shift to seeing globalization as the explanandum; it is the internationalization of government. Global competition results in states being involved in 'global competition' and therefore they are increasingly internationalized (Cope *et al.* 1995, p. 555). With a loss of functions to the international level, the state becomes a 'hollow state' (Jessop 1994; Rhodes 1994) where the state retains its head-quarter functions but its ability to make and implement policy has shifted to the international and regional levels. Consequently, the core is left with limited tasks (Cope *et al.* 1995).

Interestingly, globalization is identified as the source of government reform by the Permanent Secretary at the Treasury, Sir Terry Burns. He argues that globalization has caused an information revolution, increased

difficulties in countries isolating themselves, and made markets less susceptible to government influence. These changes have led to the reform of the governmental process with a shift away from 'highly discretionary control from the centre in favour of a more decentralized approach'. Consequently, the Treasury should clearly define its core activities and other functions have either to be privatized or transferred elsewhere in government; the Treasury's organization should become flatter; its objectives should become clearer and the organization of the management structure should be related more closely to objectives (Burns 1995). The modernist Keynesian project of Treasury control of both expenditure and the economy is over. The economy cannot be controlled and public expenditure is best contained through decentralization with more discretion allowed further down the governmental hierarchy.

Dunleavy offers an account of globalization that is focused on explaining the 'globalization of public service provision'. This process is facilitated by 'the contemporary growth of services; changes in technology; new forms of commercial and industrial organization by firms; the development of radical outsourcing; and changes in commodification processes' (Dunleavy 1994, p. 47). Dunleavy predicts the development of 'trans-national corporations dominating public service production' (p. 37) which would reduce the role of the state to that of a 'mediating agency condensing the influence of citizen-consumers in areas where collective action might otherwise not be effective' (p. 60). For Dunleavy, it is the delivery of public services that could become globalized and carried out in 'quasi-monopolistic or oligopolistic markets' (p. 47).

The crucial problem with Dunleavy's envisioned dystopia is it ignores politics. The reforms of the British Conservative government were political choices and not purely the result of exogenous forces. The absence of general trends towards globalized provision is indicated by Dunleavy when he highlights how nations such as Japan, Germany, Scandinavia and Italy have not adopted many elements of the new public management.

What Dunleavy ignores here, and in his bureau-shaping model, is that there is a level of public provision which, if it falls too low, the public will not accept. The public through elections or protest can defend certain types of public service. In addition, civil servants and politicians will also defend certain core services and will resist external pressure for privatization, contracting out or marketization of certain services (see the postal services and regional post offices in Britain). The level and effectiveness of resistance will be different in every nation and consequently the standardization of public service provision is unlikely.

Even if certain public services are provided by trans-national corporations, this could be a point of little significance. It may be the services they provide are relatively trivial – such as refuse collection or cook-chill hospital meals – and therefore the source of the public good is of relatively little importance. In some countries certain services are provided by trans-

national corporations and in others they are not. In the public services of greater importance international corporations will face national regulation; they will not provide the same service the same way in every country. McDonalds is a rare example of global production. Most transnational companies do not provide the same good for every market but develop it for national tastes. Transnational public goods will still be subject to national politics and the important focus of attention is not the provider of the service but who determines, and how it is determined, what services are provided.

More generally discussions of the globalization of government underestimate the importance of the nation state. On one hand they are ahistorical. They assume in the past there were sovereign nation states and sovereignty is now gradually being eroded. Yet, is it true that the British government had more sovereignty during the sterling crises of 1947, 1967, 1976 or 1992? Or was Iran more sovereign in the 1990s resisting many Western pressures or in 1942 when the Shah was removed by Britain and the Soviet Union for pro-Nazi sympathies?

Nation-states remain the site, to a large degree, of both political demands and political goods. For Hall (1994, p. 210), 'State power continues to structure the political economy of the advanced world ...' and even transnational companies are based in, and dependent on, nations and national law (Hutton 1995). Actors within nation states are concerned with retaining control over the policy process and are still faced with national political demands. Although they undoubtedly face international constraints, it needs to be established whether they are less or greater than in the past. Even the EU is highly dependent on the support and resources of nation states (Hirst and Thompson 1994). What Hirst and Thompson (1995) see as the hard view of globalization is based on a zero-sum conception of sovereignty seeing it as something that existed and disappeared rather than something that varies across time, nation and policy area according to the particular circumstances. Cerny (1990, p. 234) makes an important point when he argues: 'The role of state actors will change, but their critical location in the increasingly interpenetrated transnational structured field of action will actually increase the impact of state structures in complex ways'. Relations between states and transnational organization and between states and states will change but nation states will continue to control important resources that allow them to influence, to varying degrees, policy outcomes.

Consequently national policies have to be understood in their national as well as international contexts. Policing policy may be influenced by international trends but the nature of that policy is more likely to be determined by national factors than globalization. Explanations of reform that focus solely on exogenous factors may be useful in pointing to some of the pressures for reform but they are limited as explanatory tools.

Crucially, the analytic links between increased global competition and the reformulation of the state are not immediately apparent. What is it about



globalization that leads to Next Steps agencies? Why does increased international competition result in the need for a leaner and fitter rather than more directive and interventionist state? Indeed, Korea and Japan have met global competition through increased intervention and some administrative reform but the nature of the reform is very different from that of Britain and the United States (Masujima 1995; Ahn 1995). Globalization is important in recognizing that nation-states are not distinct from the international system. However, there is a tendency in some of the literature to over-emphasize the degree of globalization and under-estimate the continued importance of the state.

### III THE REFORM OF GOVERNMENT AND GOVERNANCE

#### **The reform of government**

One of the key challenges to the role of central government in recent years has been the range of reforms introduced by the Conservatives. These reforms have produced major changes in the organizations and functions of government. The detail of these reforms has been extensively discussed elsewhere (Smith 1996); the key features of reform are:

#### *Privatization*

Now most of the previously controlled state industries have been shifted into the private sector, with even the most difficult cases – mines and railways – having been successfully privatized.

#### *Reduction in the size of the civil service*

The civil service has been reduced from 748,000 in 1976 to 516,890 in 1996. It is important to remember that a significant part of this reduction is because of redefinition through privatization or contracting out. Moreover, the fall in non-industrial civil servants has only been from 565,815 in 1979 to 458,370 in 1996.

#### *Financial management initiative*

The Thatcher government set up the Efficiency Unit under Sir Derek Rayner to conduct efficiency audits within departments. This work was systematized through the FMI which was intended to improve managerialism within departments by providing departmental managers with more information on the use of resources and being more specific about those resources.

#### *Creation of Next Steps agencies*

The most fundamental reform of recent years has been the creation of the Next Steps agencies. The rationale behind these reforms is to divide policy-making and implementation with the parts of departments responsible for delivering services being separated into distinct agencies with considerable managerial autonomy.

*Market testing*

Market testing is partly concerned with privatizing the core functions of the state. Where possible, tasks that are still provided by the public sector should be market tested to see whether they could be provided more cheaply by the private sector. Over 130,000 civil servants have had to compete for their own jobs and by December 1993 £1.1 billion of government services had been market tested (Butcher 1993; Oughton 1994).

*The Fundamental Expenditure Review*

The FER is potentially the most radical aspect of government reform. Its intention is for each department to review the work and budget of the top policy makers in order to make savings in core budgets and to cut top civil servants. All departments are having to undertake a FER with the aim of cutting core staff and budgets.

The aim of these reforms is to produce smaller, more efficient government with the state doing only what the state can do. Particularly important is the distinction between the core of the state which is concerned with policy making and the periphery of the state in agencies and other para-state bodies which is concerned with implementation. The notion of a smaller, less directive state has led to the development of the concept of governance.

**Governance**

Governance has been suggested as a way of conceptualizing the new forms of government that have resulted from a combination of reform, globalization and loss of sovereignty. Governance is governing without government (Rhodes 1996a). For Rosenau (1992, p. 13): 'It is to search for order in disorder, for coherence in contradiction, and for continuity in change'. Despite complexity with new forms of government and the fragmentation of delivery, how is it possible to achieve political goals? No longer is government confined to the national state; it can involve a range of institutions, public and private, from the national to the local to the neighbourhood. Consequently, governance is not about command but control or steering 'without presuming the presence of hierarchy' (Rosenau 1992, p. 14). Rosenau is concerned with governance at the global level where he suggests there is no single emergent order around which communities converge.

The notion of governance has also been applied at the national level. Jessop maintains certain notions of governance are an attempt to break away from the 'conceptual trinity of market-state-civil society' and to see governance as alternative forms of organization based on 'relational contracting, "organized markets" in group enterprises, clans, networks, trade associations and strategic alliances' (Jessop 1995, p. 310). In this sense it is similar to the idea of self-government that arises at the international level. Through networks various interests involved in a particular policy area regulate themselves by developing their own rules and sanctions. As a pro-

cess of self-regulation and mutual adjustment it allows governing without government as a single overriding authority. There is increasing:

concern with the role of various forms of political co-ordination which not only span the conventional public-private divide but also involve 'tangled hierarchies', parallel power networks or other forms of complex interdependence across different tiers of government and/or different functional domains. This reorientation is often signified in terms of a shift from a narrow concern with government to a broad concern with a wide range of political governance mechanisms with no presumption that these are anchored primarily in the sovereign state (Jessop 1995, pp. 310-11).

It is a mode of social co-ordination: 'the ways in which disparate but inter-dependent social agencies are co-ordinated to achieve specific social (economic, political, etc.) objectives' (Jessop 1995, p. 317). Governing is increasingly a concern with balancing and co-ordinating a range of public and private interests and organizations (Kooiman 1993).

It may be possible to conceive of policies in Britain being determined at the EU level and implemented by agencies or private sector bodies. However does interaction mean that the state has forsaken control? Such a change would indicate that in Britain, 'the new state' has not forsaken governing but its role is to co-ordinate the myriad of public, private, departmental, non-departmental and agencies involved in the delivery of services. However, this perspective is undermined by two contradictory arguments. On one hand British *central* government has been weakened by reforms which make it increasingly unlikely that there is a co-ordinating centre strong enough to pull together the range of bodies that may be involved in the delivery of services. In the language of Osborne and Gaebler (1992), the role of the government is to steer not to row but it is not clear that there is a single pair of hands on the rudder. The reforms have created a 'policy vacuum' with steering being based on 'crisis management and blame avoidance' which results in a lack of co-ordination and a confusion of roles (Rhodes 1995b, p. 24).

On the other hand whilst government may not be very effective at co-ordination, it does not necessarily mean it has abandoned the desire to control. The problem for the Conservative government was that they had contradictory goals. The Thatcher and Major governments wanted to improve efficiency and reduce costs and they believed it could be achieved through delegation, privatization and market testing. These reforms made central control more difficult. The Conservatives attempted to reassert a traditional conception of parliamentary sovereignty and in a range of policy areas they attempted to re-impose central control, for example in education, health, and prisons. It is nevertheless still the case that the government has state-level policy goals which it wants implemented. Governance is not a balancing act: it involves leadership and developing new forms of

implementation. Reform may have made control more difficult but in a sense this loss of control is an unintended consequence of the introduction of new public management and it seems unlikely that the Conservative governments of 1979–97 were less concerned with control than any previous government. Decisions may be made in Europe – but they are still made by sovereign states – and delivered by private or semi-public agencies – but they are still licensed and funded by the state. It is unlikely, at least within the British context, that new forms of governance are self-reproducing. If the notion of governance is to be used at the domestic level in Britain it cannot be governing without government but central government, or more particularly, departments have to be seen as one of many competing centres of authority, which increases the difficulties of government control (Rhodes 1996b).

### EMPIRICAL IMPLICATIONS OF THE CHALLENGES

Government within the 'Westminster model' worked on the basis of a number of lines of control. There was a hierarchical bureaucracy which enabled decisions to be made in the centre and implemented. There was control over a sovereign territory, and there were a number of instruments from the general – Keynesian demand management – to the particular nationalization which enabled intervention in the economic sphere. Through these mechanisms the state controlled large parts of the public and private sectors.

The empirical and theoretical challenges to this model have indicated new ways of conceiving relationships within and between the state. In particular it has led to changes in the resources, responsibilities and capabilities of the state. First, there has been a loss of state functions. The result of privatization is that a whole range of key policy issues are decided in the private arena rather than by the state. Although the government has maintained important state controls through the establishment of regulatory bodies, the degree of control is less and is much more indirect.

Second, with the loss of direct control government is often concerned with negotiation rather than direction. Despite the apparent style of the Thatcher government, it often had to bargain rather than direct. Indeed, over a range of issues of public concern, such as the pay of directors, the government appears to have little or no control. More specifically, even with the regulators, privatized concerns are not subject to parliamentary accountability.

Similar problems of control also occur with the issue of market testing and contracting out. The state no longer delivers services but is responsible for drawing up contracts for delivery. The government's role is to decide what services are delivered, to award the contracts to the most cost-effective provider, and draw up a contract that specifies the rights and duties of the producer and the consumer (Harden 1992). This change introduces several challenges to the 'Westminster model'. It further undermines the hier-

archical command structure. Rather than the state delivering services, it negotiates the delivery of services with the contractor. Although in principle a contract is non-negotiable, in many cases the government has negotiated the nature of the contract with potential suppliers and the contract can be less specific about the nature of the delivery than civil service rules and legislation. In addition, parliamentary accountability is further undermined because accountability exists in the contract which is between the supplier and the purchaser.

Third, with these reforms rather than delivery being through a limited number of departments and non-departmental bodies it is now through an infinite variety of suppliers ranging from different public bodies, to private firms and increasingly the voluntary sector. Of course, once a contract is agreed and signed it is much more difficult for the state to change the way services are provided.

All these changes are a direct challenge to traditional notions of parliamentary accountability. Ministers do not have to answer for the conduct of privatized companies even though they are delivering public goods. Contracts place accountability within the contract not in Parliament, and with the dispersion of service delivery the lines of accountability are much more difficult to determine.

All these problems are best illustrated by the establishment of Next Steps agencies (NSA). The idea behind NSAs is to 'clarify the divide between operational responsibility and policy responsibility'. Parts of departments responsible for the implementation of policy are hived-off into separate organizations. Ultimately these reforms will result in the dismantling of the apparently monolithic and unified civil service established in the nineteenth century, and develop a model where a 'loose federation of many smaller agencies, units and cores predominates' (Kemp 1993, p. 8). By 1996 there were 123 executive agencies covering 80 per cent of the civil service (HC 313-II 1996/7, p. 12).

The aim of the agencies is to release departments and agencies from uniformity: 'the notion of a service-wide system appropriate to everyone is becoming increasingly a fiction' (HC 496, 1990/91, p. 48). Such a reform is a major change in the nature of Whitehall and the modern state. The traditional hierarchical bureaucracy has been replaced by an almost federal system of a core and a periphery, with the periphery not being directly controlled by the centre. This raises important questions concerning the role of agencies and their relationships with departments and the Treasury.

The specific functions and goals of agencies are set out in framework agreements that are negotiated between each agency and the responsible department:

All new agencies have a framework document with five main ingredients: the main aim and objectives of the agency; the nature of its relations with Parliament, ministers and the parent department, other depart-

ments and other agencies; the agency's financial responsibilities, how performance is to be measured; the agency's delegated personnel responsibilities and the agency's role and flexibilities for pay, training and industrial relations arrangements (Greer 1994, p. 60).

Rather than the relationship between the department and agency being one of command, it is one of a bargained contract specifying tasks and targets. Within that framework considerable freedom is allowed.

The establishment of these agencies has created new responsibilities and new conflicts. The Treasury is beginning to lose control over budgets because detailed management of resources is now the responsibility of chief executives. There is also conflict between departments and agencies over levels of intervention and autonomy. Some chief executives feel departments are intervening too much in their work (Efficiency Unit 1994).

There are three key problems: one is the difficulty of distinguishing between policy and operation. Lord Justice Tummim has argued the concept of policy is meaningless until it is put into operation, and so the distinction is false (BBC Radio 4, 17 October 1995). The difficulty of this distinction has been highlighted particularly in the prison service where there has been a debate over whether decisions on the level of prison security are policy or operational matters. The Head of the Prison Service, Derek Lewis, was sacked because of what Michael Howard argued were operational mistakes but others argued were errors as a result of policy decisions.

There is a second problem of accountability. Under traditional notions of ministerial responsibility the minister is responsible for the actions of the department. However, within the agencies chief executives are responsible for the delivery of services. The new agencies demolish the myth that a minister can be responsible for everything and in principle this delineates clear lines of responsibility: the minister for policy and the chief executive for implementation. According to William Waldegrave, 'there is now a clear line between "responsibility, which can be delegated, and accountability which remains firmly with the ministers"' (see HC 390-I 1992/3, p. xi; HC 390-i 1992/3, p. 14).

However, recent cases have demonstrated that major ambiguities remain. The former Head of the Prison Service said, 'I am answerable 24 hours a day, seven days a week on issues ranging from penal policy to the treatment of individual prisoners' (*Daily Telegraph* 17 October 1995). After the escape of IRA prisoners from Cambridgeshire Prison in September 1994 the Woodcock report concluded: 'There is some confusion as to the respective roles of the minister, the agency headquarters and individual prison governors . . . The inquiry identified the difficulty of determining what is an operational matter and what is policy, leading to confusion as to where responsibility lies' (*The Guardian*, 20 December 1994).

The third problem is whether something is defined as operational or policy is dependent on political salience. Ministers are prepared to allow chief

executives to implement policy when it is non-controversial. Once the issue is subject to media and political interest, ministers are likely to become involved to control the issue, to ensure outcomes do not portray them in a bad light, and to avoid accusation of negligence.

A key problem in British central government has been the issue of co-ordination. To a large extent there have been a range of co-ordinating bodies: the Cabinet, the Cabinet Office, the Prime Minister and his Office, and the Treasury. To an extent all have had major weaknesses. The Cabinet has become increasingly ineffectual (Burch 1988), the Cabinet Office is concerned largely with co-ordinating administration, the Prime Minister is limited in resources and tends to focus on key issues and the Treasury is concerned largely with financial issues. For Dynes and Walker (1995, p. 28)

... it seems that the British state has a hole at its heart – machinery to co-ordinate 'difficult' policy seems weak. To take a recent example, policy on the family, cutting across half-a-dozen departments, the system seems to lack a means of holding ministers and their departments in line, of thinking ahead, to plan.

Problems of co-ordination are likely to become more complex with contracting out, agencies and privatization. Policy networks will have to cross a range of public and private bodies with departments having less control over their constituents than previously. Whereas departments do have formal organizations through Cabinet and Cabinet Committees for co-ordination, there are no such institutions for agencies and thus vertical co-operation could become more difficult and the policy process messier.

In addition to changing relations within the state, these reforms are transforming relations between the state and civil society. At one level there is an attempt to appear more responsive to the citizen through the introduction of markets and specifying citizens' rights through the charters and performance indicators. There is also a theme of what might be called individuation with Thatcher in particular attempting to reassert the relationship between a sovereign Parliament and the individual, and removing the power of intermediate associations. This theme can be seen in the reforms of health and education where attempts were made to concentrate power within the ministry and to place day-to-day control into the hands of individual schools and hospitals rather than professional organizations or local authorities.

The empirical changes to central government and the theoretical challenges they have produced should not result in the dismissal of previous work on central government but sensitize researchers to the need to re-focus their analysis. Despite the problems of public choice, governance and globalization, they highlight the need to take account of structure, context and action. Globalization highlights the constraints of the international system, governance emphasizes how the context of state action has changed the mode of governing, and public choice, whilst offering a theory that is

flawed, at least does provide a theory of action which beyond notions of personality has been given very little thought in the analysis of central government.

## COMPLEXITY IN THE CORE EXECUTIVE – RECONCEPTUALIZING POWER RELATIONS IN THE CENTRAL STATE

The theoretical and empirical challenges to the 'Westminster model' have made even non-academic analysts aware of the complexity in the modern British core executive:

British government is like a dance, a quadrille in which the participating groups exercise figures in the middle of the floor but never entirely give up their independent identities. British government is a competition in which, one side never finally gaining complete mastery, the contending forces advance and retreat (Dynes and Walker 1995, p. 15).

The question is how do we theorize this complexity? To understand the modern British state it is important to take into account structure, agency, resources, context and the nature of power. Complexity means we must avoid simple causal explanations of power relations (Lent 1997) and to look at the intricate relationships between exogenous and endogenous factors.

### Structure

Structure is the limit of action but the nature of that limit will depend on the level of analysis and the nature of the actors. One person's agency is another person's structure (Hay 1995; Ward 1987). A decision by a powerful actor will constrain the actions of the powerless. Within the central state there are different levels of structure faced by different actors and departments. Civil servants are constrained by rules governing their behaviour, authority and sphere of influence. Ministers likewise are constrained by their status and functional responsibility, and indeed the state as a whole may be constrained by financial markets, international agreements, the nature of its armed forces. All these structures are the result of human agency and therefore subject to change. What structure does, at least from a critical realist perspective, is to 'condition agency' and 'define the range of potential strategies that might be deployed by agents (whether individual or collective) in attempting to realise intentions' (Hay 1995, p. 199).

In discussion of the core executive structure enters in three ways. First, and most obviously, it is the limits of the state actions resulting from Britain's position in the world economy and polity. Britain is constrained by transnationalism, the size of the currency markets, the strength of the world economy, and membership of intergovernmental bodies such as the EU. The impact of these constraints was demonstrated by the forced exit of Britain from the ERM (see Thompson 1995).

Second, structure exists in the institutions of central government. Departments or agencies are sets of rules, norms and values that reflect past



decisions and past conflicts. They limit what departments do, how they perceive problems and the actions that they take. Whether a department undertakes a particular policy initiative and whether it is successful may depend on perceptions of the department's role and whether it has the administrative machinery to implement the policy.

Third, structure influences the distribution of resources within the state. Who can do what and who has particular authority are structurally determined. The Chancellor of the Exchequer derives considerable authority from the post, has the resources to make almost autonomously key decisions concerning the economy, and has a great deal of control over economic policy. The field of command of the Minister for National Heritage is obviously much less.

### **Resources**

Central to the understanding of central government is the idea that all actors have resources and so power exists in relationships and does not belong to one actor rather than another. As a result power is based on dependence not control (see Jessop 1990) (see below). Resources are partly structurally determined because they are related to the roles of actors but they may also be personally derived. Some ministers have more authority or political support than others. For instance Ernest Bevin had much more autonomy in foreign policy than Michael Stewart (Butler 1997). To an extent it is possible to specify some of the resources held by actors within the core executive. Civil servants have time, information, operating procedures, control over information, control over implementation. Ministers have their departments, political authority in a specific area, support from elements of the party, control of a particular policy.

Although within central government some actors have more resources than others, the Prime Minister has more resources than a single minister, it does not mean those with the greatest resources have the most power. Resources do not equal power; capabilities in deploying power are critical. As Dowding (1991) points out: examining resources is not enough, 'for those resources will only allow actors to bring about outcomes in particular circumstances'. Therefore to understand power we need some understanding of agency and context.

### **Agency**

While there are constraints, there are also intentions. Actors have resources which may or may not be structurally determined, but the exercise of power depends on intention: how resources are used and goals achieved. Agency is crucial in any understanding of power because it explains how an actor with limited resources can defeat an actor with greater resources. Ministers can choose a range of tactics from threats of resignation, to building coalitions, to leaks of information to defeat the Prime Minister or the Chancellor. A leak from the Heritage Ministry suggesting the Treasury was

attempting to use lottery money to replace established spending forced the Chief Secretary to the Treasury to deny that he had that intention in the public expenditure round. However, the sorts of tactics used will to a large extent depend on context. Public choice offers a theory of action seeing actors as self-interested utility maximizers. However, its problems arise in being unable to deal with the socialization process and exogenously changed preferences, and its failure to give any substantial account of the relationship between agency and structure (see Harris and Kelly 1995; Hay 1995).

### **Context**

Context is in a sense a catch-all phrase which contains elements of structure but is often contingent. Context contains at least three elements: the political, the historical and the institutional. Contextual analysis means the decision-making process has to be disaggregated. Power relations between the actors within a particular policy-making area depend on the particular historical development of the institutions within that arena and the way past decisions are institutionalized. However, overlaying the more structural, historical and institutional context are the political circumstances of the time: the political support and popularity of the ministers involved and the economic conditions of the time. The degree of policy success or failure within government will affect the level of dependency between minister, between ministers and civil servants and between ministers and the Prime Minister.

### **Power**

The notion of power that derives from this model is one that is based on a notion of power as resource dependence (Rhodes 1981). All actors within the core executive have resources, but no actors have a monopoly of resources and therefore they cannot develop policy on their own. Ministers need civil servants for information, advice and assistance with implementation. It also helps if they have the support of other ministers. They are placed in a particularly strong position if they have the support of the Prime Minister. Even the Prime Minister relies heavily on the support of ministers both in a political sense and in the sense that it is ministers that will develop the majority of policies. Therefore, to exercise power there has to be an exchange of resources. Because Prime Ministers need ministerial support, they often cannot get their own way. The classic example of this is Thatcher and entry to the ERM, or even more explicitly the fact that Thatcher was forced from office because she lost the support of the Cabinet (Smith 1994; Jones 1996). The notion of dependency was implicit in much of the cabinet government debate but never explicitly theorized.

Dependency has important implications for conceptualizing power. First, it is relational and not an object. Power depends on relationships between actors and not command. Frequently outcomes can be positive-sum rather

than zero-sum games. In order to achieve goals actors have to negotiate, compromise and bargain. Consequently power does not just exist in conflicts between Cabinet and Prime Minister but as Foucault suggests, it is in every situation and relationship as actors develop strategies and alliances in order to exchange resources and achieve goals. Without adopting a discourse or post-modern approach it is possible to see the core executive as a field of micro-politics where power is exercised through a multitude of agencies and coherence is imposed through the 'adoption of shared vocabularies' (Murdoch 1995, p. 189; see Foucault 1980).

Power is fluid and the core executive is complex. The notion of complexity suggests outcomes are unpredictable and causes difficult to determine (Owen 1995). Cause and effect cannot be discussed in a simple linear fashion (Lent 1997). When considering the decision-making process in the core executive, many causes and interactions will affect outcomes. Power within the core executive cannot be characterized as prime ministerial or cabinet power because capabilities to affect decisions are spread widely throughout the political system. The power of various actors and institutions will vary according to the policy, the context and the tactics of those involved.

This model of power is a way of taking account of structure, agency and complexity. Structure both constrains the action of various actors and provides them with certain resources. However, the use of these resources will depend on the particular context and the tactics of the actors involved.

## CONCLUSION

The Westminster model, and the analysis that developed as a reaction to it, whilst being a partial reflection of the British political system was always oversimplified as a form of analysis because of its crude assumptions about the nature of power; its tendency to see power in false dualities; its view of the executive as having a monopoly of power and its exclusion of external forces. These simplicities have been challenged by new ideologies, policies and circumstances that have led to significant theoretical developments. These developments have created a need to reconceptualize central government and to take account of two factors in particular. One is that the core executive is complex: simple notions of power that are hierarchical and zero-sum are not adequate for understanding policy-making. Second, analysis of the core executive needs to take account of structure, context and agents. All actors within the core executive have resources but how they use them will depend on their tactics (agency), but tactics depend on the particular political and economic context and the limits of action as defined in the structures and processes of institutions.

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## NOTE

1. It could be argued that the Westminster model is a 'straw man'. However, I would argue that this is a conception of British policy that has dominated the discussion of British politics even in much of the contemporary literature. See for example Rose (1991).

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# QUASI-MARKET TRANSFORMATION: AN INSTITUTIONALIST APPROACH TO CHANGE IN UK HOSPITALS

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Quasi-market transformation (QMT) refers to the process by which the dominant organizational form in a field is replaced, following the introduction of a quasi-market. In this article, analysis of comparative case-study data reveals that, until the early 1990s, a common interpretive scheme, or set of values and norms, underpinned a set of structures and systems in many UK hospitals. These similarities of form are represented as the directly managed (DM) hospital archetype. When change initiatives challenged this archetype, the outcomes were negotiated and the interpretive scheme remained largely unscathed. Following the introduction of a quasi-market in 1991, a new trust hospital interpretive scheme has emerged. For the first time, UK hospitals have experienced transformation and now display an alternative set of structures and systems. This article explains how the trust hospital archetype has become legitimized through different tracks of change within individual hospitals.

## INTRODUCTION

Researchers have begun to assess the implications of the loosely linked, and sometimes inconsistent, 'new public management' (NPM) doctrines (Pollitt 1995, p. 133). Amongst those who have predicted the consequences of doctrines such as the attempted reduction of government spending and the introduction of market forms, Osbourne and Gaebler (1992) envisage the 're-invention' of public services. Rhodes (1994, p. 139) foresees the 'hollowing-out' of the state. The empirical work of Dunsire *et al.* (1991, p. 24) reports, however, that NPM in UK government has maintained key features of bureaucratic hierarchy. The inconsistencies between the predictions regarding NPM and the early empirical findings suggest a lack of empirical foundation, a tendency to over-generalize across contexts, the underplaying of continuity and a lack of attention to issues of process (Ranadé 1995; p. 241; Hoggett 1996, p. 31). These weaknesses have arisen, in part, because few authors have moved beyond their 'insular and parochial' disciplinary boundaries to consider movements within both the specific and abstract

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forms of social organization in the UK public sector (Morgan and Maddock 1997, p. 1).

By contrast, the predominantly North American, institutionalist research has contributed insights into the role of 'values, norms, interests, identities and beliefs' during episodes of change (March and Olsen 1989, p. 17). Whilst the early work of Selznick (1957) and his followers saw organizations as responding to the values and norms of their local communities, others suggest that organizations adapt to 'institutional templates' that develop within fields of inter-related organizations (Lowndes 1996, p. 183). In one contribution, Greenwood and Hinings (1990, p. 727) suggest that interpretive schemes (Bartunek 1984), or sets of values and norms, underpin organizational archetypes within fields.

Although archetypes are seen to comprise a coherent set of structures and systems, it is not suggested that any organization within a field exactly resembles any one archetype at a given time. Rather, Greenwood and Hinings (1993, p. 1053) combine the archetype concept with the notion of *tracks of change* to help compare organizational forms within fields, across time. Drawing upon this institutionalist perspective, this article reports findings from a five-year study of one example of NPM, the introduction of the internal market for health services in 1991. This approach provides two distinctive contributions to the analysis of change in UK hospitals.

First, Greenwood and Hinings' (1990, p. 726) archetypes and tracks of change concepts are extended to explain the longer-term pattern of continuity and change within UK hospitals. Through the use of multiple data collection techniques and a longitudinal approach, considerable emphasis is placed on the often neglected social influences affecting attitudes and behaviour, and on the environment in which hospitals operate. In one significant outcome, a classification of the direction and magnitude of hospital change is introduced. Second, the concept of quasi-market transformation (QMT) is developed to explain how, for the first time since the inception of the NHS in 1948, one hospital archetype was replaced by another, following the introduction of a new institutional framework in 1991.

Within the term QMT, 'quasi-market' is used to signify that the UK health market differs greatly from the economists' notion of perfect competition (LeGrand and Bartlett 1993, pp. 1–12). On the supply side, neither the new 'purchasers' of health care – district health authorities (DHAs) and fund-holding general practitioners (GPs) – nor the health care 'providers' (hospitals) necessarily exist to maximize their profits; nor are they necessarily privately owned. Whilst hospitals are now called 'trusts' to reflect that they are no longer managed directly by DHAs, they remain subject to considerable influence from government bodies. On the demand side, consumer (patient) purchasing power is not expressed in financial terms. Instead, it takes the form of an allocated budget that is often spent by a third party, such as a GP or DHA, on behalf of the patient. The second component of the QMT concept, transformation, is used to suggest that the

introduction of the quasi-market has led to the first inclusive shifts across the interpretive scheme, systems and structures of UK hospitals.

This article reports an empirical study of QMT in UK hospitals. It is divided into four main sections. The first section outlines the institutionalist approach that was designed to investigate public sector change processes. This includes a description of the innovative research design that was developed for the study. The second section presents an analysis of data that describes the development of UK hospitals between 1948 and the late 1980s. It is shown that throughout a period of relative stability, many hospitals displayed organizational similarities that can be represented within the directly managed (DM) hospital archetype. In section three, primary data are used to illustrate the antecedents of transformation and the trajectories of QMT that disrupted the DM archetype. In the fourth section, primary and secondary data are combined to describe how, despite the diversity of recent experiences within hospitals, a new trust hospital archetype has replaced the DM hospital archetype.

### AN INSTITUTIONALIST APPROACH TO THE STUDY OF NEW PUBLIC MANAGEMENT

There has, increasingly, been a 'growing disenchantment' with analytical perspectives that emphasize the influence of rationality and efficiency within organizational life (Barley and Tolbert 1997, p. 93). Rejecting these tenets of strategic management and classical economic theory, institutionalists examine the significance of institutions or, 'regulative, normative and cognitive structures that provide stability and meaning to social behaviour' (Scott 1995, p. 33). Within organizational analysis, institutionalists have explored the ways in which these structures influence activity within fields of inter-related organizations.

DiMaggio and Powell (1983, p. 148), for example, introduce the term 'institutional isomorphism' to refer to the propensity for organizations, within fields, to develop similar norms, structures and systems. This phenomenon occurs as the constituent organizations seek legitimacy from key resource providers, such as the state and society. Isomorphism may occur because key resource providers 'coerce' organizations to conform to their expectations. Alternatively, organizations within a field may become more similar, or isomorphic, because managers mimic the organizational arrangements that they *perceive* to be successful. Whether as a result of coercion, mimicry, or the influence of professional organizations, isomorphic pressures are predicted to sustain and perpetuate adherence to legitimized organizational forms. Meyer and Rowan (1991, p. 41) have shown that the influence of these isomorphic pressures may prevail in the face of evidence which calls into question the efficacy of the legitimized organizational arrangements.

A common critique of this institutionalist perspective is that it places undue emphasis upon continuity and stability and underplays issues of

conflict and change (Oliver 1992, p. 564). Some institutionalists have, however, become increasingly interested in processes of change. Greenwood and Hinings (1993, p. 1053), for example, suggest that isomorphic pressures encourage the development of organizational archetypes within fields. Each archetype is seen as an expression of a collection of shared values and ideas – or an interpretive scheme – that underpins a distinctive set of structures and systems. Greenwood and Hinings (1993, p. 1055) combine the archetype concept with the notion of *tracks of change* to help compare the general development of organizations within fields, across time. They distinguish between tracks of inertia or little change, those tracks that run out of steam for one reason or another (unresolved excursions), and those episodes that produce a new archetype (transformations).

The archetypes and tracks of change concepts were adopted in this study of NPM change for two main reasons. First, they incorporate those elements which are regarded as vital to the analysis of organizational change (Van de Ven and Poole 1995, p. 539) – the ability to describe continuity and change, an awareness of both existing and emergent sets of values and attitudes, and a means of assessing overall patterns of change. Second, few researchers have adopted a formal institutionalist approach to studying the recent reforms within the UK hospital field. This is surprising because the introduction of the health quasi-market provided a rare opportunity for the real-time observation of an emerging institutional framework (Pettigrew and Whipp 1991).

### Research design and methods

This early investigation of NPM within UK hospitals required the use of case studies to generate a foundation of understanding in the area, and to reveal elements of the emerging process (Kitchener 1994, p. 194). The design choice in this study was to use a comparative-intensive case method (Pettigrew and Whipp 1991). This involved the systematic analysis of change processes in a relatively few hospitals over time, rather than a less intensive analysis of a larger number. A plurality of perspectives was derived from interviewing a wide range of stakeholders that included healthcare purchasers, hospital managers, doctors and nurses. Over a hundred interviews were conducted, supplemented by periods of observation and the examination of archival material.

The focal point of the study comprised two of the three main hospital groups in Dinashire DHA in Wales. Whilst Western was a trust hospital for most of the fieldwork period between 1990–95, Central was a directly managed unit. Both are now trusts. A structured comparison was also made between data collected in Dinashire and evidence collected at sites throughout England and Wales. The comparative data were collected during the researcher's involvement with an ESRC-sponsored study of marketing implementation in UK hospitals and in research and development establishments (McNulty *et al.* 1994).

Adapting the method proposed by Greenwood and Hinings (1993, p. 1054), the nature of hospital archetypes was established by combining primary and secondary data sources. Empirically revealed patterns of hospital interpretive schemes, systems and structures were compared with the analytical pattern of 'ideal' templates that were assembled largely from secondary sources. Primary data were used to uncover the ideas, beliefs and values of hospital stakeholders within their institutional and temporal contexts. In this way, the hospital archetypes emerged not as disembodied attributes of hospitals, but as reflectors of meanings which acknowledge the negotiated order in hospitals and the possibility of local variations (Cooper *et al.* 1996, p. 629).

In the absence of detailed and reliable primary data that describe the interpretive schema of hospitals before the mid-1980s (Pollitt *et al.* 1991, p. 64), the DM hospital archetype was constructed largely on the basis of the experience of participants and from secondary data. The consistency of data that emerged from these sources suggests that the DM archetype may describe reliably the general form of many UK hospitals before 1991. By contrast, the trust hospital archetype is derived largely from empirical data collected during this study. The choice of Dinashire DHA satisfied Schatzman and Strauss' (1973) 'casing criteria' and data were 'validated' (Yin 1984) through the use of techniques such as the examination of multiple participants in multiple settings, prolonged engagement and participant validation (Kitchener 1994, p. 228).

### THE DIRECTLY MANAGED HOSPITAL ARCHETYPE

In 1948, following protracted negotiations with the medical profession, a Labour government introduced a bureaucratic organization structure that was designed to deliver hospital services throughout the UK. At the top were, and remain, Parliament, the Minister of Health and the Department of Health. Following a number of re-organizations after 1948, in 1989 there were 14 regional health authorities for England, and the Welsh, Scottish and Northern Ireland Offices. These bodies oversaw the work of district health authorities (DHAs) who, in turn, were directly responsible for the management of hospital services in their locality. Despite the strong centralized structure, the balance of power had not been unambiguously in favour of the Department of Health (Ham 1985, p. 122). Whilst Parliament allocated resources, approximately 80 per cent of all health expenditure was determined by the medical decisions of doctors (Dohler 1989, p. 178). This autonomy of hospital doctors was a source of considerable power, and injected a degree of ambiguity into the bureaucratic structure. Findings from this study suggest, however, that many hospitals developed similar structures and systems that were underpinned by a common interpretive scheme. These commonalities are represented, in figure 1, by elements of the directly managed (DM) hospital archetype.

The DM hospital archetype rests upon primary and secondary evidence

	THE DM HOSPITAL ARCHETYPE	THE TRUST HOSPITAL ARCHETYPE
Interpretive Scheme	<p>Collaboratively organised hospital care, free at point of delivery.</p> <p>Structural adjustment based on incremental increases in funding</p> <p>Sharp management-staff boundaries, professional autonomy, pluralistic politics.</p> <p>A budget surplus will reduce next year's resources, patient care generates expenses, successful professionals consume resources, regulation largely determines service-mix, in-house provision of services</p>	<p>Competitively organised hospital care, determined within quasi-market. Market relationships to 'promote efficiency'.</p> <p>Transformation.</p> <p>Blurred managerial-staff boundaries, attempts to reduce professional autonomy, pluralistic politics.</p> <p>A contract surplus will increase next year's resources, patient care generates revenue, successful professionals budget consumption, markets determine service-mix, contracting-out of services</p>
Systems	<p>Each directly managed hospital's income is largely derived from health authorities. Cross subsidies for e.g. teaching and community services.</p> <p>Poor information systems</p> <p>Asset base is managed externally, salaries/staffing are fixed short-term, closures and changes of use are subject to formal consultation.</p>	<p>Each trust's income is largely derived from contracts with health authorities, GP fund holders and the private sector</p> <p>Increased need for market information</p> <p>Asset base is managed internally. There is no requirement for a trust to consult on closures or change of use.</p>
Structure	<p>Sector - hierarchical and functional, based upon vertical communications</p> <p>Internal - professional collegiate and administrative hierarchy.</p>	<p>Sector - flatter more organic structures, network communications, based upon contract specifications.</p> <p>Internal - networks, clinical directorates market-customer based.</p>

FIGURE 1 *Key elements of the DM and trust hospital archetypes*

which indicates that a common hospital interpretive scheme emerged after the negotiated inception of the NHS in 1948. This set of ideas, attitudes and values was based upon shared social elements including professional training and a wider public sector culture. The underpinning assumption, later proved erroneous, was that a new 'free at point of delivery/consumption' service would systematically clear up a backlog of ill health known to exist at that time in the UK (Ham 1985, p. 38).

In addition, three more resilient elements of the DM hospital interpretive scheme were identified during this investigation. First, hospital doctors maintained a concern for delivering given treatments, free at the point of delivery, in a stable environment. This outweighed the limited, and spasmodic, concerns of central government to alter their working practices.

Second, powerful medical professionals practised with a high degree of autonomy. The autonomy of medical practitioners was reinforced through the process of peer review and the management of clinical practices by professionals. Third, within hospitals, there was a widespread anticipation of annual funding increases from central government. The combination of these three key elements produced a stable consensus surrounding a set of attitudes, meanings and values within hospitals. As a result, the development of a DM hospital archetype was shaped in process, and constrained in practice, by these elements of the hospital interpretive scheme.

As well as identifying key elements of a widespread hospital interpretive scheme, this study has also uncovered local elements within Dinashire hospitals. It emerged, for example, that many professionals working in Dinashire hospitals had trained together. Some of the clinicians had studied at the Welsh University Hospital. Many of the hospital administrators and managers, including a large body of accountants, had participated in the NHS graduate training programme in Wales. According to Harris (1995, p. 156), this led to a 'common commitment to the maintenance and development of local services and local hospitals'. By the start of this study in 1991, this set of contextual features had fostered strong local networks that involved high degrees of co-operation, the transfer of ideas, information and even some resources between hospitals. By contrast to the pattern of relative harmony within and between hospitals, a strained relationship had developed between hospitals and Dinashire DHA. In 1992, a senior nurse at Western illustrated this point:

The local health authority labelled the hospitals in this area by calling them units and numbering them one to four. We have always been unit four, but someone at the DHA level dubbed us 'Fortress Four'. I think this was because we are on a hill and try not to have much contact with the administrators in the health authority (interview, May 1992).

Whilst tensions between hospitals and Dinashire DHA had intensified over funding disputes during the 1980s, their roots lay in long-standing debates regarding what hospital managers saw as 'interference' by a 'centralist' DHA. Similar relationships have been reported in other studies of DHAs in the UK (Stewart and Döpson 1987; Pollitt *et al.* 1991).

The systems dimension of the DM archetype concerns the range and sequence of activities involved in hospital management. From 1948, hospitals developed an initial set of systems based on prevailing environmental conditions and the 'negotiated order' that emerged from the birth of the NHS (Strauss 1971). Until 1991, the development of hospital systems involved almost continuous, small-scale change. Even after the introduction of general managers following the Griffiths reforms of 1983, accountability in hospitals remained hampered by the lack of concern for management systems and decentralized structures. The primary problems within hospital systems remained those identified by Korner in 1983 (DHSS 1983) and

previous inquiries – poor financial accounting mechanisms and a lack of standardized cost and performance data.

As a result, the foundation of many hospital systems remained the managers' desire to maintain complex networks of commitment through negotiations with plural stakeholders. In 1991, a clinical services manager with twenty years experience at Central outlined her perception of the complex political environment in which she had to 'manage' care of the elderly services:

Keeping a hospital like this going is all about keeping on good terms with doctors . . . . We can't interfere in their work . . . . Income levels and decisions about service development are generally taken at district or regional level. Personnel issues are governed by national agreements. This is why we are called administrators and not managers (interview, April 1991).

Against this background, individual episodes of change may have reformed hospital systems and structures. None, however, involved a significant alteration of the dominant set of values and attitudes within the DM hospital archetype interpretive scheme. This pattern of 'adjustmental' change is examined in the next section.

### **Changes within the DM hospital archetype**

Until the early 1990s, the development of the DM hospital archetype was shaped by funding crises, tensions with DHAs and three modes of adjustmental change. Each of these modes – bodies of enquiry (e.g. Griffiths), internally generated reform (e.g. the 1966 Salmon proposals on nurse-manager grades) and circulars offering guides of good practice – left scope for local interpretation and negotiated outcomes. As Brunsson and Olsen (1993, p. 3) would predict, there was often a gap between the stated intentions of policy makers and what happened in practice. Each initiative resulted in episodes of change in which structures and/or systems may have been altered but where there was no fundamental alteration within the interpretive scheme.

Evidence emerged from this study to suggest that adjustmental change within hospital systems flowed, in part, from the policy of regional tiers of administration. During the 1980s, for example, the operational head of the NHS in Wales advocated planned adjustmental change of systems to avoid what he termed 'disjointed reform' (Owen 1990). For hospital managers in Wales, this involved a requirement to respond to audits and health protocols that were developed by governmental and quasi-governmental bodies, including the Health Promotion Authority for Wales and the Welsh Office. As a result, the deputy manager at Central reported that senior hospital managers had tended to deal, often disjointedly, with one system and one problem at a time while maintaining a short-term focus: 'Senior managers like me very rarely get the chance to plan for the future . . . most of our

time is spent dealing with whichever national or regional body wants us to implement a new standard here or a new monitoring process there' (interview, March 1992).

Across the UK, some top-down initiatives did result in more fundamental change. The three most influential were the introduction of the NHS in 1948, the Griffiths reforms of 1983, and *Working for Patients* in 1989 (DoH 1989). The socio-political settlement that surrounded the inception of the NHS in 1948 is notable because it established the basic form of the DM hospital archetype. The Griffiths reforms of 1983 which stressed cost-effectiveness and managerial efficiency, had a greater impact than any other change initiative since 1948 (Harrison *et al.* 1990). Even the Griffiths reforms were, however, 'limited in comparison with the continued influence of medical autonomy and financial limitations' (Pollitt *et al.* 1991, p. 61). Nearly ten years after this initiative, a senior consultant surgeon at the Central Hospital described the limited impact that the Griffiths reforms and other adjustmental changes had upon his working practices: 'We have seen reorganizations at this hospital nearly every year for 25 years ... I don't think that any of them made a blind bit of difference to the way we [surgeons] practise, certainly none made a blind jot of difference to what I thought' (interview, February 1993).

The claims of senior managers that characterized the mid-1980s – that significant change had occurred within hospitals – must therefore, be viewed with some scepticism. Many of the attempted reforms achieved only symbolic and rhetorical change towards which many stakeholders were cynical. In 1992, shortly after arriving from a post in an American hospital, the director of nursing at Western Hospital contrasted the pattern of change in UK and US hospitals:

As an outsider, my first impression of Western was as a hospital that had been run in a traditionally British way for a long time. By that I mean it didn't seem to have had major upheavals in terms of staff or budgets. Everything seemed to trundle along. It had a good spirit and reputation but was a bit of a sleepy hollow (interview, June 1992).

In sum, the combination of field-wide and local structural adjustments did little to disrupt the cohesion of the DM hospital archetype that was based upon a relatively stable interpretive scheme. Despite repeated attempts at change by governments, resistance and inertia combined to prevent the adjustment of systems and structures from accumulating to generate wider hospital transformation before 1991.

### **The antecedents of QMT**

During the 1980s, the NHS continued to be one of the world's most comprehensive and least expensive providers of hospital services (Davidson 1987). Despite this fact, the power of clinicians, high-technology medicine and an ageing population had combined to place substantial organizational and



financial strains on the hospital service. By the early 1990s, some of those medical professionals who had been incorporated within the management of hospitals following Griffiths, combined with a Conservative government to press for change. Whilst their agendas may have differed, a growing consensus began to emerge which argued for the fundamental reform of UK hospital services. This view was summarized, in March 1993, by an orthopaedic surgeon at Western:

At the time the Tories were talking about imposing the market, everyone in the health service thought there had to be a big change . . . the nurses wanted more pay, the government wanted to spend less and limit our [doctors'] power . . . and we wanted to stop them doing this and get them to spend more money . . . something had to give (interview, March 1993).

The Conservative political reformers were faced with a number of options including overt rationing, increased expenditure and the expansion of private health care (King's Fund Institute 1988, p. 24). After rejecting these options, and after ignoring the failure of a market simulation exercise, the government split DHAs into 'purchaser' and 'provider' units within a quasi-market framework. Driven by the neo-liberal economic theory of the dominant 'New Right' Conservative politicians, the immediate priority of the quasi-market was to control escalating costs and erode the long-standing dominance of what were seen as profligate professionals (Dent 1996, p. 879). These external political pressures combined with internal financial crises to produce what Oliver (1992, p. 565) termed, the 'antecedents' of institutional change. As will be shown in the next section, together these pressures produced a momentum that eroded a key element of the DM interpretive scheme: the general principle of the universal provision of services. In its place has come an imperative of competition between hospitals within a quasi-market.

This first significant change within the DM interpretive scheme has been accompanied by inclusive shifts within hospital systems and structures. To illustrate this process, the tracks of change that emerged in Dinashire hospitals following the introduction of the quasi-market are described in the next section.

## TRACKS OF CHANGE WITHIN HOSPITALS

So far in this article, an emphasis has been placed upon a key prediction of institutional theory: the similar and stable development of hospitals (Zucker 1987). In this section however, the identification and description of tracks of QMT in hospitals requires a shift of emphasis towards the themes of diversity, unevenness and upheaval. Evidence emerges that the quasi-market has been interpreted differently within individual hospitals, and that local variants of the DM archetype provided both motors of, and barriers to, QMT. In figure 2, key features of the process at the Central and Western Hospitals are synthesized from data collected over the last five years.

HOSPITAL DIMENSION	WESTERN 1990-95	CENTRAL PRE-1993	CENTRAL POST-1993
<b>Interpretive scheme</b>	<p>1990 – Desire for independence from DHA</p> <p>1991 – Recognition of need for transformation</p> <p>1991-92 – Development and promotion of hospital 'philosophy'</p> <p>1991- Growing management and professional adoption of commercial language and techniques</p>	<p>Conflict with DHA, poor estate</p> <p>Uncertainty and anxiety regarding responses to the introduction of the quasi-market</p> <p>Development of hospital 'philosophy'</p> <p>Inertia</p>	<p>Resignation to need for transformation</p> <p>Growing senior management and professional acceptance of commercial language and techniques</p>
<b>Systems</b> <i>Legitimation</i>	<p>1991 – Widespread consultation, 'quality' initiatives, clinical involvement in contracting, UGM's use of professional title in change messages</p>	<p>Reliance upon managerial prerogative, little consultation. Professionals excluded from contracting process</p>	<p>Greater consultation, use of 'quality' initiatives, clinical involvement in contracting</p>
<i>Information</i>	<p>1993 – Market data generated from 'part-time marketers' and embryonic market function</p>	<p>Little concern for generating market data, poor information systems</p>	<p>1994 – Market data generated from 'part-time marketers'</p>
<b>Structure</b>	<p>November 1991 – Introduction of clinical directorates</p> <p>Significant role and title changes</p> <p>April 1993 – trust status</p> <p>Continuity of senior management as trust directors. Addition of non-executive directors as trust</p> <p>Devolution of budgets to directorates 1993</p>	<p>April 1991 – Introduction of clinical directorates</p> <p>Title changes</p> <p>1992 – trust status rejected</p> <p>September 1993 – DHA replaces senior hospital managers</p>	<p>Significant role changes</p> <p>Spring 1995 – Merger with University Hospital as combined trust</p> <p>Devolution of budgets to directorates 1994-5</p>

FIGURE 2 *The QMT process at the Western and Central Hospitals*

Despite the diverse tracks of change that emerged at the hospitals, it is shown that both units experienced their first track of transformation. This involved the first inclusive shifts within their interpretive scheme, systems and structures.

### Tracks of QMT at Central Hospital

The process of QMT at Central can be seen as comprising three, sometimes overlapping, tracks of change. The first track proceeded through 1991–92 and is labelled structural adjustment. This track can be seen to have emerged during the period from the introduction of the quasi-market in 1991 until Dinashire DHA imposed a merger between Central and the Welsh University Hospital in 1993. At the start of this period, senior managers at Central recognized that the hospital faced financial problems, a deteriorating estate, uncertainty regarding the future plans of the DHA and a lack of adequate information systems. Structural adjustment, including the introduction of clinical directorates (medical speciality-based cost centres), formed however, almost the sole response to these pressures.

In September 1991, the hospital general manager explained, to the author, his feeling that the introduction of the quasi-market, 'is one of a procession of Conservative finance-led reforms that we do not need to get too excited about'. Over a year later, a senior consultant who sat on the management board of the hospital still felt that the reforms were directed at the 'problems of over-provision in London and probably would not affect us in provincial hospitals too much' (interview, October 1992). Other members of staff at the hospital were however, concerned about the apparently high level of senior management inertia following the introduction of the quasi-market. In February 1991, for example, the laundry manager claimed that:

I've managed a private laundry in the USA. I've experienced reality and I'm trying to use some of the methods I picked up in the real world to generate some income for this hospital. The problem is that the senior managers live in the last century and don't see the point (interview, February 1991).

In August 1992, a trades union representative recounted a conversation between himself and senior managers at the hospital that had occurred two weeks earlier:

I warned them that competition would close this place down if they did nothing. The hospital manager's problem is that he comes in, parks his car, lights a cigar and spills ash along the corridor to his office . . . He only comes out for meetings in the Temple [DHA offices] or for a p\*\*\* . . . his idea of communicating with doctors is to take a few notes at meetings on the back of his cigar packet . . . The nurses on the wards can see what is going to happen. He can't or won't (interview, August 1992).

Against this background of perceived inertia, the hospital's application to

the Welsh Office for trust status can be seen as an 'aborted excursion' track of change (Greenwood and Hinings 1993). Whilst senior managers were encouraged to apply by district and regional officials, many staff at the hospital only became aware of the application through a report in the local evening newspaper. The absence of consultation resulted in lack of enthusiasm for the application amongst staff, despite belated attempts by senior managers to 'sell them the idea' in late 1992. In 1993, Welsh Office officials suggested informally, to the author, that Central's bid had been rejected because of the DHA's (low) opinion of the hospital's senior management and the paucity of information and financial systems. A similar explanation was given by the director of business at Central who reflected in 1994 that:

At the time of the trust application, I would sometimes go to seminars for all the hospitals in South Wales organised by the Welsh Office. It became obvious that other units were using a new language and attitudes that we did not use at Central . . . . It was as if we were trying to pretend that this was not going to happen and would all go away. I think some people convinced themselves that the government was going to change and that Neil Kinnock would look after us if he got to Number 10 [Downing Street] (interview, June 1994).

It was not until Dinashire DHA imposed new senior managers and a merger with the Welsh University Hospital in 1993 that more widespread change was attempted at Central. This would appear to give some support to Oliver's (1992, p. 571) prediction that leader succession may be significant in achieving institutional change. After only a few months, a clinical services manager at Central reflected that the appointment of a new managing director had marked a new era at the hospital:

The new managing director's main achievement was persuading some clinical colleagues of the importance of meeting contracts and increasing the number of business managers in the directorates . . . I suppose he gave me and the other managers a very quick boost of adrenaline . . . For the first time people admitted there were problems that had to be investigated and that we needed information to do it (interview, September 1993).

The subsequent involvement of professionals within contract negotiations, the increased gathering of market data and the attempted legitimisation or 'selling' of changes to professionals, indicated change across each of the interpretive scheme, systems and structure dimensions at Central. A medical member of the new management team explained one significant outcome of these changes:

When contracting was run by the accountants, the purchasers had to talk about numbers when they wanted to talk about service delivery issues. Our doctors then had to work to contracts that they did not accept and

had no part in arranging . . . . Now we take them along . . . . When we first took a radiographer to a contract meeting he threatened to stop giving scans to any of their patients unless they promised to pay what he felt was reasonable. This way the doctors feel like they own the contracts, it gives them a feel for the market and most are happier to work with contracts . . . . Some are bloody hard bargainers as well (interview, June 1994).

Four years after the introduction of the quasi-market, the observation of significant movements within the hospital interpretive scheme suggested that the first track of transformation had begun to emerge at Central.

### **The track of QMT at Western Hospital**

Alongside the description of QMT at Central, data presented in figure 2 suggest that Western hospital may be seen to have followed one broad track of transformation. Three main phases can, however, be distilled from what the chief executive of the trust described, in 1993, as an iterative and negotiated track of change:

Recent change has been what you may call fragmented. It was not as co-ordinated as it might have been, although we tried very hard. Every time we moved a notch or two forward, that became the status quo; then sometimes we would seem to go forwards and sometimes backwards (interview, August 1993).

The three sometimes overlapping phases of the change process at Western are identified as the 'Erosion' of the existing organizational form, the 'Shifting' of the form and the 'Consolidation' of the new form. Beginning before 1991, 'Erosion' describes the phase during which the hospital management board began to question the existing interpretive scheme at Western. In the Spring of 1991, the director of surgery and other members of the management team produced a document that outlined their perceptions of the major challenges that would face the hospital over the next few years. This list of factors such as, increasing competition, changing GP requirements and capital shortages, was then used to frame senior level discussions that considered a range of possible strategy implications and a new philosophy for the hospital. Early in 1992, a document was published to explain, to staff, the implications of a new 'hospital philosophy': 'The overall philosophy of the Unit is to become more customer oriented, to be contract-led . . . customer focus would involve purchaser involvement in the planning and development of services . . . becoming contract led would require all staff to appreciate the need to work within a contractual framework (Western Hospital 1992, p. 3).

As figure 2 indicates, managerial attempts to operationalize this philosophy began with the introduction of clinical directorates in 1991 and a decision to apply for trust status. Following the Welsh Office acceptance of

Western's trust status application, non-executive directors were appointed in 1992. Unlike previous reforms at Western, and the early track of QMT at Central, these structural adjustments were accompanied by changes within the interpretive scheme and hospital systems.

The second phase of change at Western, 'Shift', refers to the period during which the new Western Trust Board tried to introduce fundamental changes within the interpretive scheme and systems of the unit. As early as 1991, the chief executive and his deputy returned from Welsh Office seminars convinced of the need to alter what they termed the 'culture' at Western (when pressed, they indicated that they understood culture to involve the prevailing set of values and beliefs within the hospital). Both were convinced, however, that commercial notions would have to be introduced to the established interpretive scheme carefully, so as to maintain professional compliance. The use of language and symbolism emerged as central during what a human resource manager at Western referred to as 'an attempt to switch clinicians on to market ideas' (interview, April 1992). To give a flavour of the legitimization techniques used during this phase, the director of business and planning at Western described his attempt to replace the prevailing medical construction of quality issues with a commercial version:

I was personally moving marketing to clinicians through quality, there is no question about that. Some of the clinical directors are now talking in marketing terms. From this base, I can now switch to talking about what I think are truly market issues . . . It has been a question of getting a foot in the doctors' doors . . . We have majored on quality as an issue in our vision of the market (interview, May 1992).

The key elements of the legitimization policy involved an open management style allied to the linking of quality and market initiatives (Kitchener and Whipp 1995, p. 210). Although some dissent was encountered, the absence of the open conflict that appeared at other units suggests that the legitimization initiatives were successful in many respects. Towards the end of 1992, for example, a number of clinicians joined managers in the preparation of business case reports to support proposals for externally funded equipment. A staff nurse who had voiced considerable reservations about the hospital becoming a trust explained why she had become resigned to the recent changes:

The hospital manager is a good man and he used to be a doctor. The time he spent talking to all of us and the fact he was a doctor helped him to show us that the good old days of working together in the NHS have gone. To survive within the new environment I suppose we must become streetwise as well . . . I don't like it much but there it is (interview, July 1993).

Later that month, one of her nursing colleagues (a sister) described an unex-

pected process that involved the staff nurse using notions of customer service to justify a long-standing bid for equipment from the Western Board.

During what can be seen as a third phase of change at Western, 'Consolidation', managers attempted to develop information systems and 'switch clinicians on to market ideas'. The initiatives did achieve some degree of success. From 1992, commercial language was increasingly used on the wards and in clinical meetings. Even a senior clinician who remained 'very concerned' about the quasi-market, began to use managerial terminology during an interview in 1993: 'Care of the elderly is not a high flier but absolutely reliable. There will always be elderly sick. We are a sort of cash cow. I think that's what the SWOT analysis-thing said anyway' (interview, February 1993).

The progress of managers' initiatives in this area was, to some extent, facilitated by an approach that sought to develop healthcare professionals as part-time marketers of hospital services. The involvement of healthcare professionals in the gathering and analysis of market data was co-ordinated by a hospital marketing officer within an embryonic marketing function. In 1992, the post holder was keen to point to a map on her computer screen. She explained that it was symbolic of the 'forward looking approach at this hospital':

Soon, if anybody asks me what is going on, anywhere in our operational area, in say for example general surgery, at the touch of a button, I will be able to call up current waiting lists, our market share, whether it has increased over the last three years, quality measures and so on . . . I see the map as a first step (interview, March 1992).

This development indicates that in Wales, at least, Western was one of the first units to appreciate the information imperative that the quasi-market imposed. The key differences between the tracks of QMT at Western and Central resulted, therefore, from the attention that managers gave to altering the interpretive scheme and to the development of information systems. At Central in 1991, a clinical director stated that the development of information systems should form the 'touchstone' of the hospital's response to the introduction of the quasi-market. On joining the unit in 1994, however, the new managing director reported that he found: 'Budgets being totally out of synch with expenditure, poor accounting systems and more recent communication problems with the directorates' (interview, April 1994). Only after his appointment did senior managers involve clinicians within contract negotiations and begin to show significant concern for improving the managerial and financial systems dimension at the hospital. At Western, similar financial problems resulting, in part, from inadequate information and costing systems remained until 1992. In contrast to Central however, recognizing that Western lacked personnel dedicated to the management of market information, a marketing officer was appointed in 1991. The early success of this post was emphasized in 1993 when one senior clinician

claimed that: 'By the second year of contracting, the need to get reliable information to help contracting had become an established part of medical life' (interview, May 1993). This comparison of information systems development and the process by which change was legitimated at Western and Central confirms the centrality of these issues within the QMT process. The different level of concern that was given to each theme can now be seen to have influenced greatly the tracks of QMT at Central and Western.

## THE TRUST HOSPITAL ARCHETYPE

In the previous section, it was shown that following the introduction of the quasi-market, hospitals pursued very different tracks of QMT. Against this background, it now appears that hospital interpretive schema, structures and systems are re-converging upon a trust hospital archetype. These similarities are represented in figure 1 and contrasted with the key features of the DM hospital archetype. In this section, the development and legitimization of key elements of the trust archetype are examined in some detail.

By 1992, both Central and Western had introduced a structural form based upon medical cost centres, or clinical directorates, which were responsible to boards of directors. Although this model was never a formal government policy, hospital managers were encouraged by representative bodies such as the National Association of Health Authorities and Trusts (NAHAT) and the Institute of Health Service Management (IHSM) to adopt the concept. Through these isomorphic pressures (DiMaggio and Powell 1983), the clinical directorates model became the legitimate model of hospital organization within 70 per cent of UK hospitals (Rea 1995, p. 232).

Accompanying this central structural element of QMT, developments such as the increased marketing of services by professionals have also eroded key elements of the DM hospital interpretive scheme. A superintendent physiotherapist at Central explained how she was increasing her opportunistic behaviour at the expense of a basic tenet of the DM hospital interpretive scheme, co-operation:

After being leant on by the new business managers here, I have examined the waiting lists of our competitors . . . . I have tried to influence the consumers [patients] over the heads of the customers [purchasers] . . . . This has created problems at regional meetings of my physio colleagues but these are happening less often now (interview, April 1994).

Whilst rare within the DM hospital form, phrases such as 'competition', 'marketing', and 'client service' seem to pervade the trust hospital interpretive scheme. The increased use of these nouns and adjectives in the trust hospital form represents the rising importance of the language and style of corporate activity in UK hospitals. As Denis *et al.* (1996, p. 677) suggest that similar features are now evident in Canadian hospitals, this phenomenon is not restricted to the UK hospital field.

Throughout the UK, politicians and their officials sought to legitimate



the new language and changes in the press, and through their requirement that hospital managers attend what they termed 'cultural change' seminars. In Wales, the support that the Welsh Office gave to the programme of trust applications can be seen to have produced an isomorphic pressure within the Principality. In 1992, a senior consultant at Western described his view of these pressures: 'The message is clear from the government and its various bodies that they think that clinical directorates, trusts and competition will provide the most effective co-ordination of health resources and enable close clinical involvement in planning and development at all levels of management' (interview, April 1992). The combined influence of these prescribed and recommended practices frayed increasingly the long-standing consensus surrounding elements of DM hospital interpretive scheme such as stability and co-operation. Early evidence of change within this dimension at Western was perhaps more surprising than the relative continuity at Central. The experience at Western does suggest however, that if handled skilfully, environmental pressures can energize attempts to alter established attitudes and values. The case of Central confirms that if handled with little concern, inertia may prevail.

In order to meet the requirements of the quasi-market, and particularly the new contract arrangements, all hospitals are now required to install comprehensive resource management and quality assurance systems. Under these arrangements, the managers of clinical directorates, usually consultant grade doctors, are directly responsible for clinical budgets and a moral premium is placed upon their commercial management skills. From 1991, the clinical directors were required to produce an increasing amount of management information for organizations such as DHAs and other state bodies. In December 1992, for example, the clinical director of anaesthetics at Central claimed that some purchasing DHAs had threatened not to pay for treatment to their patients until a minimum data set was included with the invoice. Whilst audit committees were established at Central and Western in the early 1990s, doctors participate on a partial basis, they remain concerned with technical aspects of medical care and show little interest in resource-use and costs as issues. Audit, therefore, provides an illustration of continuity of doctors' power and practice within the QMT process (Kitchener 1997). This feature, when combined with inadequate financial and information systems, provides an obstacle to the provision of costing, pricing and other market data at Dinashire hospitals and more widely in the UK (Ranadé 1995, p. 247).

## DISCUSSION: PROCESSES OF QMT

In this section, the findings that were presented in the previous sections are considered against established institutional work (for example, Oliver 1992; Greenwood and Hinings 1993) and the findings of hospital sector studies more specifically (for example, Denis *et al.* 1996). The aim is to demonstrate the distinctive contribution that this analysis of QMT in the UK

hospital field offers to the understanding of public sector and organizational change. In particular, the concept of QMT is developed to explain how the DM hospital archetype has been replaced, for the first time, by the trust archetype. At the level of the organization, this analysis furthers understanding of the way in which changes in the institutional context influence the tracks of change within individual hospitals.

Two archetypes within the UK hospital field have been identified in this article. The key elements of each were outlined and contrasted in figure 1. The DM hospital archetype incorporates elements such as peer control and strong links with clients that are also revealed in Denis *et al.*'s (1996) study of Canadian hospitals. It appears that in both contexts, the areas of administrative and professional action were seen as largely distinct, with administrators handling operational managerial issues but not being expected to intervene in clinical areas. This, and the other attitudes and values that comprised the DM hospital interpretive scheme did not simply prove to be a barrier to transformation. Its wide acceptance and cohesion provided a clear position against which successive cases for reform were negotiated by hospital managers and health care professionals. When change initiatives were perceived to have represented a challenge to the DM interpretive scheme, they were often thwarted, side-tracked or aborted at the regional, district and hospital levels. Similar features emerge from Metcalfe and Richards' (1990) study of the civil service, where parallel combinations of structures, values and attitudes combined to reduce the opportunities for significant change.

The account of hospital development presented in this article introduces an *additional* track of change to describe the minor, and often structural alterations that characterized changes within the DM hospital archetype. The identification of the 'adjustmental' track is significant because the small scale of the changes involved means that they are not covered by Greenwood and Hinings' (1993) 'transformation' track. Their (sometimes incomplete) implementation indicates that they cannot be contained adequately within the 'aborted excursion' or 'inertia' tracks. The identification of the 'adjustmental' track also helps to classify episodes of change within hospitals as either adjustmental or transformational. The key distinction – whether or not significant changes occur within the interpretive scheme – confirms the pattern of commitment to the values and norms embodied in structures and systems as a critical determinant of change (Greenwood and Hinings 1993).

This account of longer-term continuity within the UK hospital field lends some support to the 'punctuated equilibrium' thesis of change (Romanelli and Tushman 1993, p. 1156). Evidence presented in this article indicates that, since 1948, organizations within this field have evolved through a lengthy period of relative stability which has nurtured the development of a cohesive hospital archetype. Only since the introduction of the quasi-market in 1991, have inconsistencies emerged within the DM hospital archet-

type interpretive scheme, and between the interpretive scheme and a government's reform agenda. Only recently has the period of relative stability been punctuated by a period of multifaceted, institutional transformation that is labelled QMT.

The findings presented in the third section of this article provided a detailed explanation of the nature of QMT processes within UK hospitals. The identification of varying trajectories of change at the Central and Western hospitals supports Pettigrew and Whipp's 1991 view that non-linear tracks of transformation are probably more common in practice than is evident in the literature. Institutional theory may have predicted that once legitimated within the sector, the trust archetype would have predominated relatively quickly (Zucker 1987). This article has shown, however, that while Western Hospital took a little over two years to display signs of transformation, it was four years before similar indicators became apparent at Central. The discussion of these differences of experience emphasizes a key variation between the approaches taken by the two sets of management. This was the extent to which managers at Western sought to build influence and momentum for change through symbolic management tactics. The development of an embryonic marketing function at Western illustrates this point. It also highlights the relative lack of attention that was given to this issue at Central.

Despite these different experiences of QMT, the trust hospital archetype has emerged through a combination of isomorphic pressures within the UK hospital field. As this article has shown, the new clinical directorate-based structure of UK hospitals was introduced through a combination of coercive isomorphic pressures that emanated from various state bodies. In Wales, for example, Welsh Office and DHA officials 'steered' hospital managers to adopt clinical directorates through policy directives that were issued through memoranda and workshops. In a similar way, trust status, key elements of the trust hospital interpretive scheme and the commercial language that it supported were legitimized by the government in the national press and through Welsh Office 'cultural change' seminars. The adoption of hospital market information systems provides a clear example of mimetic isomorphism within the field. In one clear example, after innovative hospitals such as Western began to develop embryonic marketing functions in the early 1990s, hospitals such as the new University Trust followed their lead, during the mid-1990s.

## CONCLUSIONS

This article has presented an analysis of a NPM process – the introduction of a quasi-market – within UK hospitals. Through the use of comprehensive case-study research techniques and an institutionalist approach, considerable emphasis has been placed on the often neglected social influences affecting hospitals, and on the environment in which they operate. Two distinctive contributions to field level analysis have been presented in

addition to a number of insights into the processes of change at the hospital level.

First, this article has produced a classification of the direction and magnitude of longer-term hospital change. Greenwood and Hinings' (1990, p. 726) conceptualization of tracks of change was expanded to emphasize a distinction between two forms of hospital change – adjustment and transformation. The 'adjustmental' track describes the empirically revealed pattern of relatively minor change that has taken place since the inception of the NHS in 1948. None of these changes altered the interpretive scheme of hospitals significantly. The identification of the adjustmental track is, therefore, broadly supportive of the institutionalist view of congruence over time at the level of the field (DiMaggio and Powell 1983).

By contrast, the concept of QMT was developed to explain the tracks of change that have emerged in hospitals following the introduction of the quasi-market in 1991. Within the QMT label, the term 'market' indicates the replacement of monopolistic state hospitals with more competitive and independent providers of health care. The market is qualified and termed 'quasi' because the new institutional framework differs greatly from the notion of perfect competition. The term transformation is used to refer to the process by which the DM hospital archetype has been replaced, for the first time, by an alternative trust hospital archetype.

Second, the intensive research method adopted in this study underscores the significance of interpretive schema in understanding organizational change and stability. The DM archetype interpretive scheme and the hospital form that it underpinned were shown to have characterized the UK hospital field from 1948 until the early 1990s. The DM archetype endured because elements of its interpretive scheme influenced the negotiated outcomes of managerial attempts at change. Only in the early 1990s, when key elements of the DM interpretive scheme became eroded, did more inclusive change occur across the DM hospital archetype.

At the level of the hospital, this article furthers understanding of the way in which change in the institutional context influences an organization's tracks of change. Local variants of the DM interpretive scheme were shown to have helped to shape hospital tracks of change. This finding challenges those who implied that NPM would inevitably re-shape hospitals to respond to consumer needs and preferences (Osbourne and Gaebler 1992). Instead, an appreciation of the socially constructed nature of the quasi-market has helped to explain why the revealed tracks of change within hospitals are far more complex and varied than the rhetoric predicted.

This early investigation of NPM within UK hospitals required the use of case studies to generate a foundation of understanding in the area, and to reveal elements of the QMT process. Care must be taken, however, when generalizing the findings from this study to a wider population of hospitals within the UK. The local nuances of the quasi-market do suggest, for example, two areas for future research.

First, it is to be expected that the trust hospital archetype will have local variants, just as the DM hospital archetype did before the early 1990s. Further study, involving a broader inspection of emerging hospital forms and tracks of change, would therefore prove instructive and may reveal alternative archetypal forms. Second, there is a need to compare the influence that local political economies and conditions have in determining tracks of hospital change and organizational forms. Given its stated ideological opposition to the health quasi-market, the influence of the 'New Labour' administration will also be interesting to monitor. The contributions that are presented in this article may provide a conceptual and methodological framework from which to explore these themes and so develop further the theory and practice of public sector change.

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# COMPARATIVE AND INTERNATIONAL ADMINISTRATION

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## THE MODERNIZATION OF THE FRENCH CIVIL SERVICE: CRISIS, CHANGE AND CONTINUITY

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DAVID CLARK

This article examines the policy of Fifth Republic governments towards the modernization of the French civil service, with particular reference to the period since 1989. It has three main objectives. The first is to clarify the terms of the French debate about the crisis of the state, which is necessary to an understanding of the intellectual context of reform. The second is to describe and analyse the various strands of 'administrative modernization' policy. The third is to provide an interim assessment of the impact on the structure and culture of the civil service of what is an on-going programme of administrative reform. The origins and development of modernization policy are examined from a 'regulationist' perspective which emphasizes that modernization is intended to re-assert the legitimacy and effectiveness of state action, most notably by deconcentrating the management of public policies to the 'local' civil service.

### THE CRISIS OF THE FRENCH STATE

Over the last few years, a broad consensus has emerged that the French civil service is in a state of crisis (Muller (ed.), 1992). Authors of varying ideological persuasion have linked the crisis of the civil service to a more fundamental crisis of the welfare state (*l'état providence*, or protective state), whose symptoms are held to be not merely financial but also institutional, embracing issues of administrative capacity and policy effectiveness (Boyer 1992; Donzelot 1996; Minc 1987; Rosanvallon 1995). The causes of crisis are perceived to be both structural, located in the interrelationship of a number of long-term social, political and economic changes; and cultural. The structural causes include the intensification of global economic competition; the breakdown of traditional family and gender systems; the emergence of new patterns of welfare dependency and social exclusion; and the spread of consumerist values, particularly amongst middle class users of public services. The cultural causes are bound up with the crisis of a distinctive, 'republican' model of public policy and administration which treats the

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public domain as a sphere of action apart from civil society, with its own rationale and procedures.

Recognition of crisis came relatively late in France and was experienced as a crisis of identity by her politico-administrative élite because it called into question some of the core assumptions of the republican model as it had developed in the post-war period; in particular, the 'heroic' notion that the state, through the active assertion of public power by its senior officials, could transform society. Resolving the crisis has meant abandoning this assumption and inventing a new discourse of administrative modernization, which identifies a more 'modest' role for the state (Crozier 1992) and introduces new principles of 'public management' (Laufer 1992; Santo and Verrier 1993) into the traditional administrative model whilst preserving some of its 'specificity' (Rouban 1995).

### **The specificity of the Fifth Republic as a system of regulation**

Conceptually, the analysis in this article is informed by regulation theory, which attributes the crisis of the Keynesian welfare state to the breakdown of the Fordist regime of capital accumulation, which had enabled economic growth to be maintained with reasonable stability over the *trente glorieuses* of 1945 to 1975. In particular, it is informed by the insight that the structures of the post-war welfare state and its systems of management are in a state of flux arising from a shift in the locus of public intervention from the national to the local and European levels (Jessop 1994); and a parallel shift from 'progressive public administration' to 'new public management' (Hood 1994). This corresponds to a move away from the belief in public sector distinctiveness and the concomitant stress on procedural rules limiting managerial discretion towards an emphasis on the disaggregation of public organizations, on competition in service delivery and on the adoption of private sector management practices. The value of regulationist, compared with other political economy accounts of change, is that they treat political and especially state institutions as independent variables in the explanation of divergent national policy responses to crisis.

It is not possible to separate out the effects of specific aspects of the Fifth Republic and more general features of the mode of regulation of the Keynesian welfare state, such as bureaucratic systems of management and corporatist structures of interest mediation, in accounting for the nature and timing of crisis. Specificity is best regarded as a property of the system as a whole; in the French case, this is linked to a distinctive type of Fordist regime in which the state played a leading role in creating the conditions of mass production and consumption (Boyer 1992). The following section describes in summary form the main institutional and cultural features of the state tradition which underpinned 'national developmentalism' (Lipietz 1991) as a mode of regulation of economic growth and social conflict in the post-war period in France.

Arguably, there are four main aspects of specificity. The first is the tra-



dition of state direction of the economy and society, or '*dirigisme*'. In the post-war period, a developmental bloc of Gaullist politicians and senior civil servants is credited with the effective use of a strategy of 'high-tech *colbertism*' to bring about the modernization of the French economy and society (Cohen 1992). *Dirigisme* is associated with a normative framework (*référentiel*) which has enabled the administrative élite, through the construction of an ideology of the general interest, to defend an impartial, 'scientific conception of public action' based on a monopoly of technical expertise (Jobert 1989).

The second distinctive trait of the French republican model is the social and political status of the civil service, particularly of the *grands corps* which make up the administrative, or state, élite. In reality, there are two complementary élites, the administrative and the technical *grands corps*. The top administrative *corps* are the repositories of financial and legal expertise: the *Inspection des Finances* (Finance Inspectorate, attached to the Ministry of Finance), the *Conseil d'Etat* (the Council of State, or highest administrative court) and the *Cour des Comptes* (Court of Accounts, or state audit body), whose members are recruited from the *Ecole Nationale d'Administration* (ENA). The top technical *corps* recruit from specialist *grandes écoles* following initial training at the *Ecole Polytechnique*. Members of the *grands corps* are highly mobile, both within the civil service and outside it. In the Fifth Republic, they have come to use the civil service as a base from which to launch themselves into careers in both politics and business (Bertin-Mouroit and Bauer 1995; Quermonne 1991).

The third aspect of specificity, administrative centralization, is a defining characteristic of the French state, stretching back to the *ancien régime*. The state's formal unity of purpose is symbolized by the prefectural system. As the state's representative in each *département* (department, or unit of territorial jurisdiction), the *prefet* (prefect) co-ordinates an extensive network of deconcentrated central government field services and (until 1982) exercised powers of supervision or prior approval (*tutelle*) over the decisions of locally elected politicians. 'Elected local government' is an integral, but administratively and legally subordinate, part of a unitary state.

The fourth distinctive feature is the structuring of the French civil service into a mosaic of some 1,800 different *corps* (Quermonne 1991), spread across four occupational categories (A, B, C, D) defined by the educational qualifications required for entry. A *corps* consists of officials who are subject to the same specific terms and conditions ('*statut*') within the general framework of civil service law, which guarantees security of employment. The overall *corps* system of hierarchical rankings is the source of the extreme compartmentalization and rigid social stratification of the civil service. The top positions within the various ministries are the preserve of the technical and administrative *grands corps*. There is great rivalry between them as each seeks to retain its monopoly of expertise in 'reserved' sectors, to conquer new policy domains and to obtain prestigious postings for its members, for

example those in ministerial *cabinets* (private offices). As a broad generalization, the technical *corps* dominate decision-making in policy sectors such as energy, transport and telecommunications, whereas the administrative *grands corps* occupy the top positions in the Finance Ministry and the 'central decision-making milieu' – those officials who staff the inter-ministerial committees at the political core of government (Grémion 1982). The *corps* system has particular implications for the management of the civil service, in that individual careers do not depend on one's hierarchical superior in the ministry but on the organizational requirements of the *corps*. Within the *corps*, it is customary for careers to be managed impersonally, on the basis of seniority rather than performance (Stevens 1988).

The combination of administrative centralization and the existence of hundreds of different *corps* has led to the emergence of a particularly developed form of public service corporatism in the Fifth Republic. 'Corporatism' in this usage describes a distinctive pattern of behaviour – the defence of group interests and privileges – which gives the French debate about the 'providential' or protective state a particular, cultural inflection. Suleiman, for example, considers that the term as used in France is a variant of individualism (1987, p. 20). In its analytical, political science connotation, administrative or public service corporatism is linked with a predominantly sectoral approach to public policy making, institutionalized in the Fifth Republic as a partnership between a segment of the state administration and a particular public or private occupational interest group. In this system, the central integration of sectoral policies, and thus the coherence of public action, is secured by members of the *grands corps* (Dupuy and Theonig 1985; Jobert and Muller 1987).

To these specificities must be added a fifth feature, which France shares with a number of other European countries: the importance of administrative law in regulating administrative procedures and promoting distinctive ideas of public service (Ridley 1996; Wright 1994). The civil service law itself, which was initially formulated in 1946 in consultation with the trade unions, is a codification of general rules stemming from administrative jurisprudence. The republican model of public administration is a 'legal model' in the sense that it is regulated by legal rules which conceive the state administration as inhabiting an autonomous domain apart from civil society (Chevallier 1996). As in other continental European countries, many crucial aspects of public service management, such as recruitment, promotion, discipline and remuneration, fall within the jurisdiction of the administrative courts, which have in France developed strong conceptions of both public employment and public service (Bell 1995a). In particular, great stress is placed on affording all citizens equal access to the civil service through a system of competitive entry examinations (*concours*) for each *corps*.

### The destabilization of the statist mode of regulation

The Fifth Republic is perceived to have been experiencing a crisis of both its normative framework of public policy and its state form, or particular structure of decision-making and administration. The main symptoms are the erosion of the dominant model of 'sectoral corporatism' (Jobert and Muller 1987) and the more general loss of centrality of the state in social mediation and public policy. Perhaps the major destabilizing factor has been the internationalization and increasing liberalization of the French economy. The nature of the European Union's response to globalization – deregulation by way of the single market – has also destabilized the organizational logic of the state-centric model (Ladrech 1994; Lequesne 1996; Muller 1990, 1992). Penetration of market values into the public consciousness during the 1980s has produced a parallel destabilization of the technocratic or scientific frame of reference of public policy. The firm, not the state, is now judged to be the motor of the French economy. The civil servant has been 'dethroned' (Bodiguel and Rouban 1991).

Pressures of economic, social and political change, mediated by fiscal stress, have also destabilized the traditional model of 'local government as (republican) administration' (Lorrain 1991) and the centralized, Gaullist system of territorial infrastructure development (*aménagement du territoire*) associated with it. The fragility of this system of territorial regulation was already evident in urban areas in the 1970s, as local politicians sought to strengthen their capacity for strategic policy making, both in dynamic regions and in cities suffering from the consequences of industrial restructuring and new forms of social exclusion. A new model of 'urban government' was already in place before the Socialist government's decentralization reforms of 1982–3, the key elements of which were: the transfer of functions and finance from central government to municipal, departmental and (later) regional councils; the abolition of prefectural *tutelle*; and, in principle at least, the substitution of judicial for administrative modes of regulation of local government. The reforms may be seen as part of an overall strategy to decentralize the management of fiscal austerity (Biarez 1993; Preteceille 1988).

An unintended effect of decentralization was to increase the fragmentation of the local state. In the 1980s, uneven economic development and the retreat by central government from nationally administered territorial development policies aggravated the inequalities between local authorities. This prompted a new policy response in the 1990s that has taken the form of a shift in the locus of state intervention from the national to the local level. The strategy has been to strengthen the institutional capacity of the local, 'deconcentrated' state by developing contracts between central ministries and 'elected local government' as a means of promoting cross-sectoral policies in fields impacting on localities, such as urban policy, local economic development, crime prevention and culture (Duran and Theonig 1996; Le Galès 1992). There has been an important parallel trend towards the

'territorialization' of social policy, with a focus on the management of the poor and the excluded (Duran 1994; Fontaine 1996; Jobert 1991).

The statist model has also been destabilized from within by a crisis of public service. First, higher civil servants have experienced a real reduction in their purchasing power and the flight of the *grands corps* from public service has intensified (Prada 1994). Second, the civil service no longer offers upward social mobility for the intermediate, professional grades (category A *corps* outside the *grands corps* and category B *corps*) (Bodiguel and Rouban 1991). Third, declining morale has led to successive waves of public service strikes, in the late 1980s and again in the mid-1990s, reflecting strains in the traditional system of corporatist mediation. Fourth, widespread corruption in public life has eroded the public service ethos. Corruption is facilitated by some of the principal features of the Fifth Republican model, in particular, the structural conflict of interests built into the *pan-touflage* system (whereby civil servants move later in their careers into top positions in industry and commerce) and the joint holding of political and administrative office (Mény 1995; Ruggiero 1996). Lastly, corruption is symptomatic of the failure of traditional legal controls and procedures to regulate the behaviour of political and administrative élites. This has contributed to a crisis of confidence in the efficacy of administrative law as a regulatory mechanism.

## PUBLIC SERVICE RENEWAL AND REFORM OF THE STATE

This section traces the evolution of the policy of administrative modernization, as revealed in the construction of a political discourse, a developing reform strategy and an accompanying series of policy commitments. Administrative modernization became a major strand of public policy only in 1989, during the premiership of Michel Rocard, under the label of 'public service renewal' (*renouveau du service public*). But it was preceded by a discourse of modernization which can be traced back to 1983, when, faced with an unsustainable trade deficit, the then Socialist government abandoned national developmentalism and imposed a policy of economic and fiscal austerity. The U-turn was accompanied by a new market-conforming rhetoric of social and economic modernization, as well by a change in civil service policy. This consisted of a freeze on the creation of new civil service posts, 'rigour' on pay and conditions of service issues, and a drive for greater productivity through investment in new information and communication technologies and more participative styles of management. A new discourse of 'administrative modernization' combined human resource management themes with the 'deconstruction' of the role of the state in the economy and society. The main themes in the official discourse were the importance of subjecting the state to the rule of law; the empowerment of professional civil servants by new working methods and investment in training and new technology; and the importance of evaluating the effec-

tiveness of administrative outputs (Barret-Kriegel 1985; Commissariat Général du Plan 1986; Secrétariat d'Etat auprès du Premier Ministre 1986).

The policy of administrative modernization has been influenced by the timing and nature of the neo-liberal challenge to '*l'état providence*'. Unlike Britain, neo-liberalism has been sustained as a political force in France mainly as a critique of public service corporatism rather than as an attack on the legitimacy of the state itself (Closets 1982; Minc 1987). Neo-liberalism has taken a 'managerial' rather than an ideological or 'doctrinaire' form (Jobert and Théret 1994).

This is partly a function of the political conjuncture: over the last decade and a half no government has enjoyed an extended period in office allowing it to develop and sustain a strongly partisan policy of administrative reform. Since 1981, France has experienced periods of unambiguously left- and right-wing coalition government (1981–6; 1995–7) interspersed with periods of cohabitation between a Socialist President and right-of-centre Parliament (1986–8; 1993–5) and right-wing President and left-of-centre Parliament (1997 to date) and a number of years of minority Socialist government (1988–93). But Jobert and Théret have also demonstrated the key role played by the administrative élite in shaping the reception and use of neo-liberal ideas in French society: neo-liberalism has its origins in the intellectual conversion of Ministry of Finance officials from Keynesianism to the doctrines of monetarism, deregulation and privatization. Their analysis stresses the instrumental nature of the conversion: managerial neo-liberalism represents the final stage in the administrative élite's conquest of the principal centres of political and economic power, its hegemony assured by the 'closing off' of the social democratic way in 1983. One of the main uses of neo-liberalism has been to reinforce the civil service's image of modernity by importing into the public sector the norms and techniques of private management. It has also enabled the technical *grands corps* to relocate their power into the privatized firms (Jobert 1989, p. 386).

'Doctrinaire' neo-liberalism had its greatest economic, political and ideological impact in France from 1986 to 1988, in the period of cohabitation between a Socialist President and a right-wing government. Notwithstanding the Chirac government's policies of state disengagement via privatization and deregulation, the commitment to free market liberalism was tempered by partisan considerations and by the statist instincts of the RPR (*Rassemblement pour la République*)'s traditional wing, particularly in the face of growing social protests at unemployment and social divisions.

Despite the change of government, civil service policy continued on the same broad lines as before, albeit in the context of further staff cutbacks and a more confrontational relationship with civil service unions over pay. Managerial discourse emphasized 'quality' and 'innovation'. The Arthuis report advocated a strategy of developing human capital in the civil service by contractualizing the relations between central departments and operational services. It also proposed incentive schemes or 'performance con-

tracts'; significantly, these were envisaged as 'group' rather than individual performance-related pay schemes. In practice, change was limited to a series of small-scale initiatives, on the model of quality circles, to increase employee participation in the operational definition of administrative tasks, to improve intra-departmental communication and to promote localized innovations in service delivery (Arthuis 1987; Chevallier 1988; Rouban 1989).

The discourse of modernization developed during this period had considerable symbolic significance in releasing administrative reform from a powerful cultural context; it signalled the conversion of reformers to a theory of public management centred on the micro-level behavioural changes required to modernize the civil service and adapt it to user requirements (Rouban 1989). It marked a decisive break with a previously entrenched, highly legalistic and technocratic conception of administrative reform, whereby change was commanded from above by enlightened decision-makers using authoritative policy instruments, according to a dominant 'voluntarist' model of organizational reform. In practice, the classical approach to civil service reform reproduced the defects of the existing system: centralization, irresponsibility of officials, and proliferation of rules (Crozier 1979; Galy 1977).

'Public service renewal' consolidated the discourse of managerialism and modernization into a coherent programme of administrative reform. It overlaps with a 'structural' stage of modernization, 'reform of the state', into which it has become absorbed. For this reason, the policy of administrative deconcentration, begun in 1992, is examined separately as part of the structural phase. Public service renewal was also accompanied by the 'corporatization' of the postal and telecommunications ministry (Cohen and Saussois 1989).

Public service renewal may be seen as a key element of the Left's response to the neo-liberal critique of the state (Brennac 1994). It gave political endorsement to a body of 'new public management' ideas that were already in good currency within the ranks of some segments of the higher civil service as a result of the activities of a political club known as the *Association Services Publics* – ideas which owe more to a new 'managerial scientism' (Jobert 1989, p. 386) than to neo-liberal theories of economic rationalism. Formed in 1980, the *Association Services Publics* perpetuates a tradition of 'French Fabianism' in which reform-minded senior civil servants compensate for the deficiencies of political parties and partisan think-tanks in promoting administrative reform agendas (Rose 1979). It brought together members of the *Cour des Comptes* and the *Conseil d'Etat*, the traditional bastions of public service ideals, with other senior officials and like-minded academics, in support of a programme to rehabilitate the notion of public and career service by marrying business management with traditional republic ideals of public service and social solidarity (Trosa 1995). Its various publications seek to modernize the civil service through more

systematic programme evaluation, greater transparency of public action and the importation of private sector norms and techniques (Association Services Publics 1987, 1989, 1992; Club Cambon 1987).

Introduced by way of a government circular, the stated objectives of public service renewal were to: renovate internal working relationships; develop 'responsibility centres' (*centres de responsabilité*, or CDRs) by devolving executive management from central ministries to territorial field services; introduce programme evaluation; and promote enhanced responsiveness to the user (Premier Ministre 1989). A new inter-ministerial evaluation committee, backed by a council of independent experts trained in policy analysis, was given responsibility for developing policy evaluation, under the auspices of the Prime Minister's Office. User responsiveness was to be achieved through a further programme of 'debureaucratization': in effect, a consolidation of existing legal and administrative measures (simplification of procedures, creation of information centres, more active dissemination of information about rights and entitlements).

Public service renewal continued under the Cresson and Bérégovoy governments in the guise of 'administrative modernization'. The strategy for implementing the first two strands of policy, focused on internal management reform, was 'bottom up' (Bargas 1990; Guérin 1990). At local level, groups of managers in the field services formulated 'service projects' designed to improve working conditions and the quality of service delivery. Parallel to this a series of prototype CDRs was negotiated by local service managers with their central ministries. CDR status is assigned to organizational units which are granted delegated budgetary powers within the framework of a medium-term policy and resources plan agreed with the parent department, and the Finance and Civil Service Ministries, which set down negotiated performance standards. They are expected to plough back efficiency savings made against budgets into further modernization projects (Fialaire 1993; Tonnerre 1991).

Ministerial modernization plans provide the strategic impulsion for service projects and CDRs. The strategies emphasize the 'accountingization' and 'informatization' strands of new public management (Hood 1994, pp. 138–9), with a focus on the training and career needs of middle- and senior-level civil servants outside the *élite corps* (for example, complementing traditional staff reporting systems with personal appraisals).

One of the most significant aspects of the public service renewal project during the period 1988 to 1993 was that it was negotiated with, and endorsed by, the trade unions. It was presented as securing additional flexibility in pay without impugning the privileges associated with the legal framework of civil service terms and conditions of employment. Since 1989, a number of collective agreements on in-service training have been signed with the various civil service unions. Pay bargaining and career system reorganization were linked together for the first time in 1990, when a collec-

tive agreement (the *accords Durafour*) was reached to restructure the pay and working conditions of middle and lower grade officials.

As noted above, administrative deconcentration may be regarded as belonging to a new, 'reconstructionist' phase of modernization policy (Bodiguel 1992, p. 235) dedicated to strengthening the strategic capability of the local state. The 1992 deconcentration law and its implementing Charter created a presumption in favour of allocating tasks to local administration, that is a principle of subsidiarity (Bell 1995a). The underlying philosophy is that the local field services of the state administration must be delegated a significant degree of managerial autonomy from central departments in order to strengthen their legitimacy *vis-à-vis* local politicians. The legislation also sought to strengthen the regional prefect's capacity to co-ordinate cross-sectoral policies at the local level, through the organizational device of 'poles of competence' (Bachelet and Rangeon 1996).

In the wake of the Left's defeat in the parliamentary election of 1993, governments of the Right continued to promote a discourse which maintains a distinctive role for the 'strategic' or 'regulatory' state as orchestrator of complex policy networks (Commissariat Général du Plan 1993; Picq 1994). This phase also coincides with a more active assertion of political control over the reform process. In 1993, a new inter-ministerial committee proposed the consolidation of the 'structural' and 'renewal' strands of earlier reforms through the extension of CDR status to all deconcentrated field services (Comité pour la Réorganisation et la Déconcentration des Administrations 1995). 'Reform of the state', the substitution of contracts or semi-contracts for what were previously hierarchical relationships between the central and deconcentrated parts of the civil service, became the centrepiece of the Right's administrative modernization policy.

Prime Minister Juppé's 1995 circular (*Réforme de l'Etat et des services publics*) prescribed a number of structural changes and a time-scale for their implementation, including the merger of some field services and the contractualization of the relations between central ministries and their territorial services, initially in the form of a number of experimental 'service contracts'. One of the stated objectives of the circular was to transform the central ministries into holding companies, limited to the functions of policy setting, resource allocation, monitoring and evaluation. The debureaucratization and policy evaluation strands of public service renewal were also resumed, with a stipulation that new government decrees and legislative proposals involving additional public expenditure are subject to *ex ante* cost-benefit analysis. On its return to office following the parliamentary election of June 1997, the Socialist government of Lionel Jospin has reaffirmed its commitment to the reconstructionist phase of reform. It has been careful, in its policy pronouncements endorsing reform of the state, to emphasize renewed dialogue with the civil service unions (Zuccarelli 1997).

In summary, the successive phases of 'administrative modernization' since 1989 have been characterized by a broad continuity of policy, rather



than by partisan differences between governments of the Left and Right, though the most recent phase of reform has been marked by a more confrontational relationship with the civil service trade unions. The discourse of administrative modernization articulates a distinctive neo-statist set of values; the introduction of business-type managerialism and a shift in the locus of intervention to the local level are devices for restoring the threatened legitimacy of the state. The current, unfinished modernization agenda combines the following elements: professionalization of internal management; debureaucratization and administrative simplification as the means to achieve a user orientation; and structural reform of the state, which is seen as the key to the more effective management of inter-organizational policy networks and to the re-imposition of the necessary coherence of public action. In this sense, modernization policy symbolizes a shift of power from the centre to the periphery of the French state.

### **ADMINISTRATIVE MODERNIZATION POLICY: AN INTERIM ASSESSMENT**

Considerable doubts have been expressed about the capacity of policy makers to deliver on administrative modernization because of the deep-rooted nature of the cultural, political and organizational obstacles that reform must surmount. This section examines the nature of these constraints.

A major issue is the tension between administrative modernization and the policy of budgetary rigour that has been applied to the public services by successive governments since 1983, notwithstanding various political pledges to fund reform from 'new' public money rather than from efficiency savings alone (most recently, the Juppé government earmarked 50 million francs for administrative re-organization in 1996, rising to 150 million francs in 1997) (Vergnerie 1996). Of particular significance in this regard is the position of the civil service unions: in contrast to their earlier position on 'renewal', the unions are opposed to 'reform of the state', which they regard as part of a larger political challenge to public sector pension privileges and to trade union participation in the management of the health insurance system. The wave of strike action that occurred in late 1995 in response to the Juppé government's planned reform of the structure and financing of the social security system testifies to the relative ease with which a public sector 'united front' can be mobilized in defence of occupational privileges (Ross 1996).

Another possibility is that the reform will wither on the vine due to a lack of organizational capacity to pilot the reforms. At local level it has been rare for managers to remain in post long enough to see micro-reforms through to fruition (Crozier 1995). At the centre, responsibility for administrative modernization policy is presently spread between the Ministry of Finance, which must give its approval to any scheme of delegation of management authority which relaxes traditional budgetary rules; the Ministry of the Interior, which, as home to the prefectural *corps*, has a particular

interest in the territorial aspects of administrative restructuring; and a newly formed Ministry for the Civil Service, Reform of the State and Decentralization. This has absorbed the *Direction Générale de la Fonction Publique*, which is responsible for pay bargaining with civil service trade unions and previously acted as project manager for public service renewal. Responsibility for implementing reform of the state has been entrusted to a new interministerial agency, accountable to the Prime Minister. It is shadowed at political level by an interministerial committee: tacit recognition that previous initiatives have failed to deal adequately with the problem of co-ordinating administrative reform at the centre of government.

Critics have argued that the public service renewal project is misconceived, in that it attributes the malaise of the French public services to the corporatist behaviour of the base and its trade unions, whereas the real failure of management is rooted in the mind-set of the politico-administrative élite and the *corps system*, which continues to function as a mechanism for the production and reproduction of an administrative élite with a vested interest in centralization (Crozier 1992, 1995; Gibert and Theonig 1993). According to this line of argument, 'public service renewal/reform of the state' has done little to address the structural problem of 'blocked' careers. This means that 'service projects' and other participative management techniques risk being interpreted as manipulative gimmicks, with little prospect of changing the underlying organizational culture of the civil service (Bodiguel 1992; Bodiguel and Rouban 1991).

Criticisms of the superficial or marginal nature of the participative management innovations have been partly confirmed by recent official reports, which point to the existence of a two-speed civil service, a modernizing periphery and a traditional centre largely untouched by public service renewal (Ryckeboër 1994; Serieyx 1994). Managerial reform has made most progress in the ministries engaged in industrial or trading activities; and in the field agencies which provide services to local government clients or have direct contacts with the public, such as the police. This is most obviously the case with the field services of the Infrastructure Ministry (*Ministère de l'Équipement*), which have been transformed as a result of the decentralization reforms of 1982–3 from controllers of their local environment, enjoying an effective monopoly of technical expertise, to organizations obliged to market their skills in the local government marketplace. Under pressure from the *corps* of field service engineers, the central ministry moved to contractualize relations with its field services in 1984. Such contracts were in place well before the introduction of the Rocard circular, and served as the model for 'service projects' (Duran 1993; Pavé 1992). The same picture emerges with CDRs. As of 1994, 199 of a total of 207 CDRs were territorial field services of central ministries (Ryckeboër 1994). Even so, devolved powers remain strictly limited because of the need to respect national civil service rules regarding appointment, promotion and pay. In the view of many, the inheritance of the existing system of career manage-

ment is still a formidable obstacle to effective human resource management (Pisier and Bouretz 1989). This is not simply a function of an embedded culture of egalitarian public service values. The institutional constraints on human resource management in the civil service include a system of bonuses that perpetuates existing hierarchies of prestige and financial reward among *corps* and ministries (Rouban 1994).

A clear picture has emerged of the limits of modernization conceived as a series of experiments in participative management. There is substantial agreement in both the academic and practitioner literature that continued progress in modernizing the territorial field services of the central ministries is conditional upon further delegations of personnel management responsibilities, a more systematic reform of budgeting and accounting procedures and organizational restructuring at both central and local levels of the state apparatus. Although 'reform of the state' appears to be grasping these nettles, there are continuing doubts about the internal coherence of this phase of reform, particularly the tension between strengthening the regional prefect's co-ordinative capacity, in the name of the unity of the state, and empowering field service managers *via* service contracts with their parent ministries. This is part of a more general tension between the 'territorial' and 'functional' aspects of subsidiarity: policy developments which promote 'interministeriality' co-exist with those designed to strengthen the regulatory capacity of particular ministries – for example, regional inspectorates have recently been set up to regulate the hospital system, outside the jurisdiction of the regional prefect (Gualezzi 1997). Allied to this are doubts about the technical capacity of the prefectural *corps* to manage policies of local economic and social development (Duran 1994).

A more fundamental issue concerns the contrasting perspectives on the reform of most of the central ministries, on the one hand, and the deconcentrated field services on the other, which stem in turn from the different institutional positions of the various *corps* on the shift in the locus and nature of state regulation entailed by reform of the state (Rouban 1996). This issue is inseparable from the complex political dynamics of a reform that is actively supported by field service managers but in the main resisted by central ministries and the *grands corps*, because they fear that it will lead to a reduction in their policy influence (Duran 1994; Rouban 1996).

Gibert and Theonig (1993) have shown how the current generation of administrative reforms display some of the characteristics of 'eternal administrative reform': the perpetual re-invention of discourse; organizational amnesia; and a tendency to value the consumption of novelty over institutional learning. Yet there are grounds for rejecting a wholly sceptical view of recent administrative modernization policy. The difference this time, perhaps, is two-fold. First, pressure for reform is coming from both above and below, that is from the field services of those ministries which have progressed furthest down the road of public management reform (Trosa 1995), as well as from within the ranks of the politico-administrative

élite. Second, there is a clear implementation logic to the reform, with policy makers using the new post-decentralization and post-Maastricht 'rules of the game' as levers to modernize the national civil service against the resistance of vested interests. In turn, institutional restructuring will open up new possibilities for the more flexible management of financial and human resources.

For a number of structural and political reasons, the implementation of policy evaluation in French government, the third strand of public service renewal, has not matched initial expectations. Unlike traditional forms of audit and inspection which focus on controlling the regularity of administrative action, policy evaluation has disturbing implications for the *grands corps* because it breaks with the convention that the decisions of top officials, supposedly uniquely capable of giving expression to the general interest, should go unquestioned (Nioche 1995). The Rocard initiative followed the publication of the Viveret report (1989), which recommended that policy evaluation should take place in a pluralistic political context designed to strengthen the external political accountability of the politico-administrative élite.

Initial aspirations that policy evaluation might herald wider political reforms have been disappointed. The machinery of policy evaluation instituted by the Rocard government has remained firmly under the control of the executive branch, and a 'positivist' or 'scientist' epistemology of evaluation has been established in keeping with the traditional, linear model of decision-making. The role of evaluations in stimulating public debate on policy issues has remained minimal (Duran and Monnier 1992; Nioche 1993, 1995). By the same token, the institutionalization of policy evaluation has conspicuously failed to strengthen the political accountability of governments to the French Parliament (Quermonne and Rouban 1986; Warin 1995).

The Scientific Council for Evaluation's own audit of the state of evaluation in central ministries indicates that the adoption of a positivist methodology has not, to date, produced a clear connection between evaluation and resource management; it has not resulted in the setting of quantified objectives and performance targets for which individual managers can be held accountable (Trosa 1993).

The commitment to policy evaluation, under the aegis of a revamped Planning Commission, is re-affirmed in reform of the state, and may yet herald a new generation of Anglo-Saxon type 'value-for-money' audits. As in a number of other areas, the current phase of administrative modernization may be interpreted as a politically induced resumption of competition between the *grands corps* for control of newly emerging fields of expertise necessary to the legitimation of a 'reconstructed' state (Fraisie 1995; Kessler 1996): in this case, it can be read as an invitation to the state's traditional audit and inspection agencies, the *Cour des Comptes* and the various minis-

terial inspectorates, to challenge the Planning Commission's standing in a new, contested area of technical expertise.

The fourth strand of public service renewal, enhanced responsiveness to the user of public services, was supplemented in 1992 by a 'public service charter' based on four sets of principles: 'transparency and responsibility'; 'simplicity and accessibility'; 'participation and adaptation'; and 'confidence and trust' (Ministère de la Fonction Publique et des Réformes Administratives 1992, pp. 13–20). This strand of policy consolidates a long-standing preoccupation with improving administrative 'due process'. Charter standards are mainly defined in procedural terms (for example, the right to seek an administrative solution to a dispute). To the extent that these principles are underwritten by statutory rights, they are enforceable in the administrative courts or by means of quasi-judicial forms of independent administrative adjudication (as is the case with complaints about access to official information).

This approach to improving the quality of public services differs from that of the British Citizen's Charter, which treats the citizen as a consumer of public services and specifies choice between competing providers as a key mechanism of enforcement of charter principles (Cm 1599 1991). Critics hold that rights-based strategies, as they have traditionally operated in France, are not conducive to improving responsiveness to the user because they encourage a culture in which the administration lets complaints run on into litigation (Bell 1995b; Le Clainche and Wiener 1988; Wiener 1989). The reform of the state project has tackled this by establishing a new legal right to a speedy response from public authorities, reversing the tradition whereby the absence of a response within four months is regarded in law as a decision to reject or refuse a claim.

There now seems to be a growing recognition in official circles that the enforcement mechanisms built into the 1992 Charter gave insufficient attention to the specification of service standards. The Juppé circular took up the customer service theme by stipulating that all public authorities must develop and publish indicators of user satisfaction. Essentially, though, 'reform of the state' continues to define user responsiveness in terms of traditional ideals of public service, to be secured through a renewed programme of debureaucratization, due process and user access initiatives rather than market-type mechanisms. Of particular importance is a commitment by the then Civil Service Minister, Dominique Perben, in 1996 to set up neighbourhood offices in rural and deprived urban areas, financed from earmarked funds, giving access to a range of state, local government and para-public agencies. Recent legislation has put these *maisons des services publics* or 'one-stop shops' on a more secure juridical basis.

## CONCLUSION

France is one of many OECD countries responding to externally induced pressures to introduce new public management into its civil service

(Organisation for Economic Co-operation and Development 1995). They would seem to presage a decisive break with the progressive public administration paradigm, but the nature of the policy response to them, public service renewal and now reform of the state, reflects the legacy of a particular form of regulation, national developmentalism, which itself built on a distinctive state tradition. Elements of both change and continuity, rooted in the constraints of pre-existing cultural norms and institutional arrangements, are evident in successive phases of administrative modernization policy. Human resource management has featured strongly in the discourse of administrative modernization since 1983, but its impact has been limited, as change has had to be accommodated within the confines of the existing legal framework governing the civil service.

The most distinctive aspect of modernization policy is the on-going project of restructuring the organizational form of the French state, within the context of a continuing shift in the locus of public intervention from national to local levels. This has involved abandoning the traditional distinction between policy and implementation which viewed the local, deconcentrated state as an intermediate rung in an integrated bureaucratic hierarchy. Policy success is likely to depend upon the working-out of complex organizational power struggles, but in the final analysis would seem to be conditional upon the re-assertion of the pivotal position of the deconcentrated civil service in the territorial management of public policies. Change will be accompanied by the resumption or intensification of competitive struggles as the *grands corps* respond opportunistically to the pattern of opportunities and threats presented by the reform process.

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# CULTURAL THEORY AND DEMOCRATIZING FUNCTIONAL DOMAINS. THE CASE OF DANISH HOUSING

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In the last decade experiments with decentralized democratic governance and citizen involvement have been launched throughout Europe in functional domains as varied as housing, environmental planning, primary schools and care for the elderly. This article analyses such democratization processes through the lense of cultural theory as formulated by Thompson, Ellis and Wildavsky (1990). It argues that cultural theory provides a framework for understanding why formal democratic rights and rules are not necessarily matched by democratic images among actors. It draws on empirical material from the Danish social housing sector, which is widely recognized for its decentralized governance system and extensive tenant involvement.

## INTRODUCTION

This article explores the possible consequences of dismantling hierarchy in public governance systems through the spectacles of cultural theory. In the debate on governance of public institutions the break down of hierarchies is a long-standing theme both analytically and normatively. *Analytically* governance systems are now seen as differentiated systems of mutually dependent networks rather than a hierarchy of linked bodies. Public service provision is fragmented into a variety of loosely coupled functional domains involving many actors linked by their resources and strategies (Rhodes 1997; Kooiman 1994). The historical irrelevance of the Weberian idea of a hierarchical bureaucracy and the naivité of a notion such as the parliamentary chain of accountability is a recurring theme in much debate on how modern politics is defined, decided and implemented (Beck Jørgensen 1992, p. 46).

*Normatively* it is argued that hierarchical steering should give way to alternative models of governance. Two major strands dominate the normative debate. The first strand argues that central state regulation must be replaced by extended individual choice and exit options on a market basis (see Hood 1994, p. 2). The second strand argues that democratization of

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functional domains is a major challenge for public institutions in the future (Rhodes 1997, ch. 5, 1996, p. 37).

It is important to scrutinize normative preferences through analytical lenses. In his criticism of New Public Management, Hood (1994) examines the first normative strand and warns against letting normative preferences for NPM run ahead of analytical conclusions. He criticizes the NPM assumption that by dismantling hierarchy, individualist entrepreneurship will blossom automatically. This argument assumes a dualist idea of social organization: if one way of social organization is dismissed, then logically you end up in the other. Hood uses cultural theory to provide a more varied interpretation of the results of breaking down hierarchy. Instead of being trapped in the idea of a single, global NPM paradigm, we need to explore the plurality of futures open to public administration (Hood 1994, p. 10).

This paper concentrates on the second normative strand and analyses critically how hierarchy can be replaced by democratic functional domains. Often democratic theory assumes congruence between institutional design and actor identities and capabilities: 'Democratic theory presumes that capabilities follow obligations, that the distribution of rights and resources is constructed around, and designed to serve, the structure of identities' (March and Olsen 1995, p. 121). The hope is, that when adequate channels for participation are created, citizens' inherent democratic potential will unfold. This aspiration also governs much legislative thinking about democracy. Social housing in Denmark exemplifies the objective of enhancing democratic participation and control in a functional domain by legislating for and strengthening formal democratic institutions. However, in depth qualitative case studies conducted in the Danish social housing sector (Jensen 1996 and 1997) suggest that the constitutional image of social housing as a participatory democratic governance system presupposes both identities as well as capabilities among actors which must be constructed rather than taken for granted.

An increasing proportion of actors in the functional domain have formative life experiences which do not fit the democratic ideals embedded in the system itself. This mismatch between what March and Olsen call 'democratic hopes' for that specific functional domain and the democratic activity and understanding among actors is explicable when seen through the spectacles of cultural theory. Cultural theory (Thompson *et al.* 1990; Douglas 1982) provides a useful framework for understanding why it is difficult to transform social housing estates into small democratic communities by breaking down the hierarchical structures in social housing governance through legislation. The article explores the proposition that the ideal of democratizing a functional domain is challenged by cultural biases of the actors who are supposed to inhabit the new structures. It further argues that cultural theory provides an appropriate lense for analysing actors' images of democracy. It concludes with an assessment of both the prospect of democracy in functional domains and the strengths and weaknesses of

cultural theory for understanding, indeed predicting any shift to democracy.

The empirical evidence is drawn from one specific functional domain: Danish social housing, which is widely recognized for its extensive tenant involvement (Power 1993; Harloe 1995). However, the aspiration to democratize functional domains, once the pressure of hierarchical steering is relieved is much broader than Danish social housing. In Denmark it also applies, for example, to public schools and day care services for the elderly or local community councils (See for example Sørensen 1995; Dreyer Hansen 1996; Smed 1995). In the rest of Europe equivalent democratic experiments are taking place, for example urban renewal in Vienna (Förster 1996), tenant participation schemes in Scotland (Goodlad 1996) and Sweden (Liedholm and Lindberg 1996) and housing partnerships in Moscow (Shomina and Clark 1996).

### CULTURAL THEORY

Cultural theory conceptualizes four ways of *social organization* that serve as formative contexts for individual experiences with self and environment. It builds on Mary Douglas's grid-group model (Douglas 1982; Thompson *et al.* 1990; Schwartz and Thompson 1990; Hood 1994 and 1996; Dunsire 1995). The model combines two sets of social constraints on human action: grid and group.

*Grid* stands for systemic constraints which have no face; for example formal rules or economic constraints. A strong grid means severe constraints on individual opportunities for voluntary agreements with other individuals: 'At the strong end of grid, individuals do not, as such, freely transact with one another. An explicit set of institutionalized classifications keep them apart and regulate their interactions, restricting their options' (Douglas 1982, p. 192). In the weak end of grid, autonomy, control and competition are significant (Douglas 1982, p. 202).

*Group* is incorporation in bounded units of actors. It carries the face of 'the generalized other' (Berger and Luckmann 1966, pp. 157, 196) and provides experiences with such others. Douglas (1982, p. 202) writes: 'The strongest effects of group, are to be found where it incorporates a person with the rest by implicating them together in common residence, shared work, shared resources and recreation, and exerting control over marriage and kinship.'

Both kinds of constraints can be weaker and stronger. Combined, grid and group shape four ways of social organization; 'ways of life', as they are termed by Thompson *et al.* (1990, p. 8) plus a fifth way of life that implies deliberate withdrawal from social constraints altogether (the hermit).

The four ways of life are termed: 'fatalism' (strong grid, weak group), characterized by strong systemic prescriptions and no group membership; 'hierarchy' (strong grid, strong group), characterized by group membership

TABLE 1 *The basic model of ways of life*

		GRID+			
		Fatalism		Hierarchy	
GROUP-		Hermit			GROUP+
		Individualism		Egalitarianism	
		GRID-			

Source. From Thompson, 1990, p. 8.

with strong systemic prescriptions; 'individualism' (weak grid, weak group), characterized by weak systemic constraints and absence of binding group membership; and 'egalitarianism' (weak grid, strong group), characterized by a strong group membership and few systemic prescriptions. In any social system, all ways of life coexist in a dynamic pattern of attraction and separation. Each way of life presupposes the others, whilst those others are simultaneously a threat ('the requisite variety condition', Thompson 1996, p. 9).

Thompson *et al.* (1990, p. 8) as well as Schwarz and Thompson (1990, pp. 66-7) construct a variety of ideal typical world views and self-interpretations for each way of life, concerning for example the idea of physical and human nature, the idea of risk and the idea of blame. To turn the discussion towards political decision making, I have constructed the ideal typical perceptions of decision making of each way of life. Thus table 2 focuses on who makes significant decisions, on whose behalf.

Ways of life are the social context for subjective experiences of self and environment and the relationship between the two. A way of life provides certain patterns of experiences that make sense for inhabitants of their way of life. The core idea boils down to: 'As people organise, so they will behave' (Thompson *et al.* 1990, p. 97). Experience is a key point in cultural theory. Ways of life are sustained by individuals who experience them as meaningful interpretations of life. Equally, ways of life are challenged by individuals who fail to make sense of the core views within them (Thompson 1996, p. 54). Cultural theory treats individuals as 'multiple sel-

TABLE 2 *Ideal typical perceptions of political decision-making*

<b>Fatalism:</b>	<b>Hierarchy</b>
<i>They</i> decide what <i>I</i> must do	<i>We</i> are entitled to decide what <i>they</i> must do <i>They</i> are entitled to decide what <i>we</i> must do
<b>Individualism:</b>	<b>Egalitarianism:</b>
<i>I</i> decide what <i>I</i> want to do	<i>We</i> decide what <i>we</i> want to do

ves': no way of life is entirely dominant in an individual's everyday life and idea of himself or herself and the world. Most people are exposed to different forms of social organization during their day. However, 'most individuals find themselves inhabiting one way of life more than the others' (Thompson *et al.* 1990, p. 267). Hence most people are inclined to defend and reproduce the logic of one way of life more than the others. Cultural theory builds on a functional explanation that links the individual and the systemic level. Ways of life are sustained and defended by individuals because it has a function for them of maintaining a meaningful interpretation of everyday life. So, ways of life are inherently stabilized by the friction of an individual actor's defence of stable self-interpretations and ideas of the world. (Thompson *et al.* 1990, pp. 86, 153, 265, 266–7; see also Berger and Luckmann 1966; Schein 1986, p. 182; Giddens 1984, p. 23). In turn, individual preferences for sustaining the ideas they have already has the unintended – latent – function of reinforcing the ways of life, they are already part of (Thompson *et al.* 1990, p. 203).

However, this push to stability does not imply a static equilibrium between ways of life in a social system. Inhabitants of one way of life are exposed to alternative frameworks of meaning; to *surprises* from competing ways of life. Surprises occur when a certain way of life fails to deliver expected outcome and stops making sense to the individual. This change can be due to acute changes in life conditions or to active invasion from holders of competing world views explaining current life conditions differently. The theory states, that:

an event is never surprising in itself; it is potentially surprising only in relation to a particular set of convictions about how the world is and it is actually surprising only if it is noticed by the holder of that particular set of convictions . . . People change their ways of life whenever successive events (that is, surprises) intervene in such a way as to prevent the preferred pattern of relationships from delivering on the expectations it has generated (Thompson *et al.* 1990, pp. 70, 75)

Macro-changes in the system are thus explained in terms of micro-migration from one way of life to the others (Thompson *et al.* 1990, pp. 69, 75, 78).

In sum, cultural theory understands any social system as an interactive blend of four analytically distinct and empirically experienceable ways of life produced by ways of social organization. The stability of the social system is due to the latent functions of actors defending their taken-for-granted world views. System changes are due to the 'cumulative impact of successive anomalies or surprises . . . that forces individuals to cast around for alternative ways of life that can provide a more satisfying fit with the world as it is' (Thompson 1990, p. 69).

## WAYS OF ORGANIZING AS WAYS OF LEARNING

Different ways of life provide different contexts for individual experiences. Hierarchy, individualism and egalitarianism are active ways of life in which actors actively make decisions, relate to others, make and break alliances and in this process achieve appropriate skills to deal with the challenges of various ways of life (Thompson *et al.* 1990, pp. 86, 98). Hierarchy and egalitarianism are ways of *collective* action, both demanding and providing skills for dealing with other people to whom individuals are directly exposed and for whom in different ways they are responsible. The two ways of life differ in their internal regulatory mechanisms. In the case of hierarchy the internal positions and roles of members are externally defined; the group is knit together by rules and regulation. Conflict solving mechanisms are legion because there are rules for every purpose (Douglas 1982, p. 206). The hierarchist experience is related to entitlement and the requisite skills are knowledge of rules and positions and appropriate action in relation to them.

Egalitarianism is characterized by the absence of externally defined mechanisms for conflict mediation. Since there are no externally imposed rules to justify the preference of one perspective over others, or to define one role as more authoritative than another, the only road to coherence in a group is negotiation. As Thompson *et al.* (1990, p. 157) put it: 'Egalitarian ways of life, our cultural theory tells us, face two defining organizational problems: (1) they are unable to command members to contribute to group purposes, and (2) they require that every group decision be consented to by each member.' When consensus is unachievable either the group breaks down into sub-groups or dissent is driven underground. Egalitarianism is thus a demanding form of social co-ordination. It requires both the development of a group identity that makes sense to all members and the capacity and motivation of all members to contribute to group purposes and to take part in the continuing negotiations about those purposes. Being part of a group in the egalitarian way of life requires the social competence to put forward one's view and an attitudinal flexibility so one can adjust one's own view to others. March and Olsen term those two requirements: 'democratic capabilities and identities' (March and Olsen 1995, chs. 3 and 4). The egalitarian experience is one of shared fate and communal responsibility. The skills needed are the ability to adopt the attitudes of others and to negotiate and to grasp and organize information.

Fatalism and individualism are forms of *individualized* action. Individualism builds on active choice of alliances. Fatalism builds on the absence of choice as well as the absence of alliances and hence group protection. The experience of individualism is one of open options and exit opportunities to alternative bargaining arenas. The skills needed are – apart from being able to pay the entry fee and being regarded by other players as an individual player – self-reliance and the ability to bear individual risk. In contrast,

fatalism is a passive way of life, an experience of involuntary exclusion. Thompson *et al.* (1990, p. 94) write,

Movement out of fatalism is likely to be involuntary because once established there, people lose independent initiative: Masters command, and slaves learn servility. Slave revolts are few and far between. Fatalists develop a self-reinforcing cultural bias that rationalizes their resignation. The likelihood, therefore, is that when fatalists do change, it is because they have been propelled out by the active ways of life. Unlike the followers of the active ways of life, fatalists rarely contribute to their own dislodgement.

Consequently, fatalists, in order to change ways of life, need not only the knowledge, that alternative ways exist: a cognitive surprise, but they also need to be lifted out of passivity. They need resources and skills to play the games of the active ways of life. How do these different ways of life relate to the specific idea of democratization?

### CULTURAL THEORY AND DEMOCRATIZATION

The concept of democratization is vague. If we interpret democratization of a functional domain as politicizing it, then we make it an arena for collective, public rather than individual decision making and the interpretation of what we are doing will differ between the four ways of life. As Thompson *et al.* (1990, pp. 216–17, my emphasis) point out, the idea of what is 'political' has different meanings for different ways of life:

*Egalitarians* view the public sphere in which all can actively participate and give their consent to collective decisions, as the realm in which the good life can best be realized. Because *individualists* seek to replace authority with self-regulation, they are continually accusing others of politicizing issues. Their interest is in defining politics as narrowly as possible so as to maximize behaviour that is considered private, and thus beyond the reach of governmental regulation. If egalitarians see the political sphere as the realm in which human beings most fully realize their potential, *fatalists* regard the political with nothing but fear and dread. Fatalists respond to their plight by trying to get as far out of harms way as possible. Unlike individualists, fatalists do not distinguish sharply between the private and public sphere . . . The tasks of fatalists become personal or at most familial survival and they cope as best they can without trying to distinguish between the sources of their difficulties . . . . (*Hierarchists*) frequently harbor an expansive view of the state functions, hence their conflicts with individualists, but they insist, *contra* egalitarians, that politics is not for everyone and every day for the rest of us, but rather reserved for the qualified and privileged full-timers and for one day every four or five years.

Hence, if, as a minimum we conceive democratization of a functional



domain as designing an arena for collective, public decision making, the four ways of life will respond in four ideal typical ways to it. For *fatalists*, democratization will not be seen to make much difference. If there are any important decisions to be made, the fatalist experience is that they will be made by 'others', be it stronger individuals in the market, the hierarchical 'system' or a strong egalitarian group, from which they are involuntarily excluded. From the *individualist* perspective, democratization means a diminished personal autonomy. However, if certain things have to be collectively decided, individualists expect democracy to be a free political market, and the political process to be about bargaining among actors with their various preferences and resources. Democratic decision making does not imply any communal obligations beyond a commitment to follow the rules of the game.

From the *hierarchical* perspective, democracy is about leadership exercised by the politicians who are entitled to make decisions on behalf of the community as a whole because they are formally elected. The role of the leaders is to make decisions, the role of citizens is that of *ex post* control embedded in their rights to elect a different leadership. From the *egalitarian* perspective, democracy is a way of shaping common preferences and ideas about the community by integrating the views of all participants. In sum, the rules and scope of the game and the different actors' roles will be interpreted differently from each of the four perspectives. Based on Jensen (1997, chs. 6–8) I have illustrated these images of democracy in table 3.

Cultural theory highlights different possible images of democratic games, rules and roles. Any democratic constitution formalizes a certain view of democracy. No matter what image of democracy the constitution builds on, it will in practice be met by real life actors with their own images. In any social system all ways of life will be present by definition, so there will be actors who interpret the scope, game and roles differently because of their general life experience. The rest of this article explores the relationship between the constitutional intentions behind the democratization of Danish social housing and the dynamics of ways of life in social housing estates.

## DANISH SOCIAL HOUSING – HISTORY, CONSTITUTION AND AIMS

This section combines a historical account of the constitutional development of Danish social housing with an account of the current developments in tenants' ways of life and organizational strategies. I illustrate how cultural theory helps to interpret the gap between democratic hopes and democratic practice. However, the empirical case studies also highlight some problems with cultural theory which I turn to in the last part of the article.

Social housing in Denmark covers 17 per cent of the total housing market and provides tenure for about one-fifth of the population. The social housing stock is owned collectively by the tenants of approximately 7,500 local estate departments, organized in some 650 housing associations. Tenants

TABLE 3 *Images of democracy in the four ways of life*

<b>FATALISM</b>	<b>HIERARCHY</b>
<b>Scope of democratic game:</b> As limited as possible to minimize the influence of others	<b>Scope of democratic game:</b> As encompassing as possible to ensure maximum control
<b>Rules of game:</b> No rules better than others No rights ensured	<b>Rules of game:</b> Loyalty towards rules Rights tied to position
<b>Actor role:</b> Waiting for decision of others	<b>Actor role:</b> Decide, on basis of rules
<b>Capabilities required:</b> Obedience or indifference	<b>Capabilities required:</b> Formal authority Knowledge of roles and rules and their appropriate interpretation
<i>Motto: Keep your head down</i>	<i>Motto: Look it up in the book</i>
<b>INDIVIDUALISM</b>	<b>EGALITARIANISM</b>
<b>Scope of democratic game:</b> As limited as possible to maximize individual influence	<b>Scope of democratic game:</b> As encompassing as possible to minimize the influence of others
<b>Rules of game:</b> Equal opportunity to bargain Rights tied to resources	<b>Rules of game:</b> Negotiation until consent Rights tied to membership
<b>Actor role:</b> Make individual decisions, alliances or exit	<b>Actor role:</b> Participate in collective decisions, Mediate individual ideas and communal purposes, create a communal spirit
<b>Capabilities required:</b> Entry fee, self-confidence, bargaining skills	<b>Capabilities required:</b> Empathy, ability to grasp complex information, formulate views and negotiate
<i>Motto: You can get it, if you really want it</i>	<i>Motto: Are you for or against us?</i>

in each department exert collective ownership over the properties. No individual tenant can sell off his apartment for individual profit. Each department is economically and politically independent of the other departments. Though formally subordinate to the governance body of the association, which is legally and economically responsible, each department is governed by democratically elected bodies which take care of the day-to-day running of the estates. The social housing sector is publicly regulated at a general but not an estate specific level. The sector is subsidized both generally and at household level. Of the apartments, 25 per cent are used for social purposes through a waiting list system (Ministry of Housing 1988, ch. 4; Ministry of Finance 1995). Danish social housing thus exemplifies a functional domain on the edge of public control where the state regulates indirectly through provision of authoritative ground rules about the scope, the rules and the roles of players, within which others play the game.

Danish social housing developed historically from practically no regu-

lation before the First World War, through increasing hierarchical regulation after the Second World War, until today which approximates to an egalitarian model of regulation. A distinct housing policy emerged just after the First World War, when the state intervened with money and regulations to keep out private investment. Public subsidies were available exclusively for non-profit housing. Quite early, private capital was squeezed out of the functional domain, which left more space for the housing associations which grew in number and strength up to the Second World War. During the postwar consensus, the associations became part of the overall welfare strategy. Housing was among the top welfare priorities and the associations became ever stronger players because they played a leading role in rationalizing the building processes. The state supported the rationalization financially and, in turn, strengthened the associations. Rothstein (1991, p. 61) describes this process as 'the corporative spiral of mutual reinforcement'. The state, under strong influence from the associations, legalized a definition of the functional domain, that: kept out private capital; defined the scope of the functional domain as housing *provision*; and defined the role of tenants as that of supportive clients. Tenants were no longer left in a fatalist position of never knowing whether they had a roof over their heads. They were safe in a *high-group* organization, but were not expected to decide anything. In effect they moved from the position of: 'They decide what I must do' to 'They decide what we must do (but it's okay)'. The practical experience with this hierarchical way of life is perfectly captured by Offe's description of the heart of Social Democratic political culture:

Crudely speaking, the methodical premise of social democratic policy is: 'Rely on us, we'll do it for you!'. In turn for loyally having cast their vote for the SPD, voters are offered a 'quality of life' which takes the form of organized and institutionalized welfare, universally arranged and administered by the state (Offe 1984, p. 211).

This state of affairs continued until the early 1970s when the functional domain underwent a redefinition of scope, rules and roles. Two major changes occurred: the market position and the political legitimacy of the social housing associations weakened and groups of tenants protested against the culture of hierarchical governance. The enormous growth in the housing stock (both private and social) during the 1950s and 1960s led to a decreasing housing demand in the social housing sector. This, in turn, affected the political legitimacy of the housing associations. Housing *provision* no longer provided a viable political identity for them. They were criticized because housing provision had developed into a welfare state fetish: more, bigger and faster housing in the name of 'the people'. In the debate researchers and politicians began to talk about quality of life on the estates and almost romanticize the good old slum tenement houses, some of which were occupied by squatters and turned into self-governance experiments as a protest against the 'shallow, unimaginative, neurotic, con-

ventional housing models, that are handed out as the only alternatives to slum,' (Kock 1981, p. 145). The associations faced lack of demand for their housing stock, and with lack of demand, lack of rent revenue.

To increase tenant satisfaction, it was argued that more had to be done to make the estates into communities. This debate paved the way for a redefinition of the scope of the functional domain from housing provision to community governance. The housing associations saw this shift as an opportunity to broaden their legitimacy and started to redefine their political identity accordingly. The social housing sector became 'the democratic housing sector'. This new profile, however, can only be understood in the light of a second change. In some specific housing areas, active tenants organized against rent increases caused by the need to renovate jerry-built houses from the heydays when building materials and methods were rationalized. The associations, the tenants claimed, had been too economically short sighted, and now the tenants were handed the bill. This development was, a nasty 'surprise' for those tenants for whom it abruptly ceased to make sense to, in Offe's words 'rely on the associations to do it for them.' The tenants started to fight for political influence over their own affairs at estate level. Many of the active tenants at that time were activists from grass-root movements and left-wing parties who had considerable experience with egalitarian group organization. They had developed a knack of 'being below', criticizing 'those above'. The hierarchy in the social housing associations provided yet another easy target of criticism. Their protest came at the right time, namely as the glories of Social Democratic centralization had begun to fade. Consequently, in 1970, left and right in Parliament joined to redefine the rules and roles of the functional domain. This time the tenants were brought to the centre of the arena as key players. They were granted the formal right to elect their own estate board with economic and political independence from associations and other estates.

The 'Housing Provision Act' from 1970 was the breakthrough to a new definition of the functional domain and a new definition of the tenants' formal relationship to decision making. It is worth noting that this transition was fought for by active tenant groups and adopted by associations in search for a new political *raison d'être*. The 1970 legislation aimed at a transition from the hierarchical motto: 'They decide what we must do' to the egalitarian one of: 'We decide what we want to do'. Since the 1970 law two trends have persisted:

- The functional domain has been broadened out from semi-public service provision to community governance with a still more encompassing scope.
- Formal decision-making competence has become more decentralized from associations to estate boards, from estate boards to tenants (Ministry of Housing 1995, p. 2).

I look more closely at the constitution and the rationale behind the latest revision (January 1997). The rationale behind the revision is expressed explicitly in a report from a working group appointed by the Ministry of

Housing (1995) entitled: 'Extending tenants' democracy in social housing'. The report is the ideological cornerstone of the recent legislation:

There is a longstanding tradition for tenant involvement in Denmark . . . and through legislation tenants' democracy has gradually expanded. It must be stressed that tenants' democracy is a continuing process, that presumably never ends.

Democracy has become a trophy of political legitimacy, which is expanded even though the working group states that:

it has to be stressed, that the Ministry's knowledge about the practical functioning of tenants' democracy is limited and the Ministry has never conducted or ordered any research on the topic (Ministry of Housing 1995, pp. 12–13).

The report recommends decentralizing of budgeting from estate board level to tenant assembly and extended formal decentralization from estate boards to tenant groups. The ideological thrust of the report is explicit:

The working group has discussed how tenants' democracy can be improved at estates where participation in annual assemblies is low and where tenants feel alienated in a group of people where they know only a minority of the inhabitants. Presumably, more tenants will be motivated for democratic participation if structures are flattened out . . . . A delegation of specific competence to subgroups will have the effect of more active tenants in the decision-making process as well as an enhanced responsibility among tenants towards maintenance and daily operation. Against this background the working group suggests . . . meeting legally local demands for further decentralisation in order to motivate tenants as much as possible to participate in estate governance (Ministry of Housing 1995, p. 55).

The explicit aims are: to increase tenant involvement in estate governance; and to enhance tenants' responsibility for communal estate matters, both physical maintenance and social integration. In cultural theory terms, the new legislation represents yet another step towards estate-level egalitarianism. The strategic consequence is to give tenants more direct formal influence over ever more important matters. The *scope* of the democratic game has become broader to cover community governance. Decisions not only concern individual apartments. They also concern significant communal matters such as:

- the estate Budget, and, as a consequence, the rent level
- code of conduct on the estate (e.g. animals, noisy behaviour)
- number of professional staff employed
- distribution principles for water and heat expenses (e.g. individual or collective measuring)

- building and running communal houses
- setting up different communal activities for groups (e.g. young mothers, elderly, youngsters)
- maintenance, improvement and changes to the physical environment (turning parking lots into gardens, creating organic garbage systems) and the houses (replacing balconies with glass houses to save heat) (Høilund 1995).

In short, tenants lack only one key function: they cannot decide waiting lists and so act as gate keepers for the group. The scope of the game has important implications for the game itself. The tenants are to a large extent designing the life conditions of their co-tenants. The *game* is formally defined as a mix of aggregative and integrative processes (March and Olsen 1989, ch. 7): elections and leadership on the one hand and maximum tenants' participation on the other. It is open to each estate to stress one or other (or to try and combine them). However, given the extensive scope of the game, a minimum level of integration of views among tenants is imperative. Many topics of every day life – economy, well being, security and taking care of specific groups – can scarcely be dealt with by a voting system for aggregating preferences. The hope is, therefore, that more formal decentralization of influence will generate a genuine collective responsibility among tenants – make them feel part of a *group*, for which they feel jointly responsible.

The *rules* of the game in social housing are fixed broadly by the legislation and follow the normal principles of a liberal representative democracy. Each estate is entitled to elect an estate board using normal democratic voting principles. Tenants decide the overall guidelines for estate management at compulsory annual tenant meetings. Agendas must be sent out in advance, all participants have the right to speak, to put an item on the agenda and to demand a vote; collective decisions are binding. If decisions result in rent increases above 15 per cent, a ballot can be demanded by 25 per cent of tenants present at the annual assembly. Accounts must be drawn up on fixed principles. If the estate fails to provide a decent physical maintenance of the property (for example to avoid a rent increase), the local authority can compel action. The economic and legal aspects of estate decisions must be administered by a professional administrator. In sum, the formal tenant *role* has been empowered. Apart from the right to elect an estate board, tenants now directly decide the part of the budget not fixed by mortgage payment and taxes. The tenant role has become a powerful political role – and by the same token a demanding social role because the scope of the democratic game encompasses key issues in other people's everyday lives.

The legislation aims for a governance model of the functional domain which builds on the egalitarian way of life guided by the motto: 'We decide what we want to do'. However, in sharp contrast to the 1970 law, the egalitarian

tarian ambitions are not fuelled from 'below' (by the estates and their tenants), but from 'above' (by legislators), who send down the real motto: 'You *must* decide what you want to do'. Whereas in the 1970s hierarchy served as a clear negative against which local egalitarianism could define itself, today its role is more subtle. In the good old days, tenants could unite in their heroic fight against the associations. Today, the formal hierarchical power has been hollowed out and the 'define- our -group- against- an- external- enemy' strategy for group formation has withered.

The task of local estate groups is very demanding. They are told to:

- create an internal *group feeling*,
- in an *externally defined* group,
- whose members are *highly exposed* to one another's decisions,
- on still more *important everyday life topics*,
- with *no external enemy* to define the group against,
- and with still *less formal differentiation* among group members.

Though the group does not exert control over marriage and kinship, it exhibits a lot of the characteristics that Douglas listed for a strong *group*: 'Common residence, shared work, shared resources and recreation' (Douglas 1982, p. 202).

The enormous and demanding tasks of internal co-ordination, conflict mediation and integration are handed down to tenants. Removing the external regulation of internal affairs and reducing the formal role differentiation among group members increases demands for egalitarian democratic game playing and egalitarian democratic role interpretations among actors. The game needs yet more information on still more complex matters which must be distributed, grasped and interpreted.

The broadening scope of the game opens more questions to communal debate and thus increases the opportunities for disagreement and conflict. The capacity for negotiation and diplomacy is ever more demanding. As for roles, clearly the formal legislation places a significant communal responsibility on the shoulders of tenants. They must feel jointly responsible for governing their estate and they must be able to fill out the role of an active participant. In March and Olsen's words (1995, chs. 3 and 4) they must have capabilities as well as identities that match the ambitions embedded in the constitution.

From a cultural theory perspective the task of the new legislation is to 'surprise' holders of non-egalitarian ways of life into the discovery of egalitarianism as a meaningful way of organizing everyday life. Without egalitarians, there can be no egalitarianism. I will now turn to the enormity of the challenge posed by the legislation as viewed through the spectacles of cultural theory.

## CHALLENGES TO EGALITARIANISM IN SOCIAL HOUSING DEMOCRACY

First, I discuss the market development, the social segregation, and the government's social policy, which all lead to an increase in the number of tenants with fatalist experience. Then I discuss the associations' strategic focus on individualizing housing services to pave the way for more individualists in the sector.

Since 1970 the housing market has become increasingly segregated. Today the proportion of low income groups, low education groups, single parents, single male households, immigrants and pensioners is clearly above average in the social housing sector, whereas the 'average' families – 'double income, two kids, car, dog and half a parrot' (in the words of an administrative director) – by and large are concentrated in the private ownership sector (Ministry of Housing 1988; Christoffersen and Even Rasmussen 1995). This trend represents a major break with the original vision of Danish social housing which always tried to avoid being exclusively for specific categories of the population. The Danish expression for social housing is 'almennyttig': for all. The target group of the sector has always been 'the average Dane'; indeed welfare state ideology was about turning all Danes into average.

There are two responses to the challenges of market segregation, namely enhanced social orientation on the one hand and enhanced consumer orientation on the other.

The *social orientation* arises from an increasing awareness among sector actors that the social problems end up in the social housing sector through market mechanisms. 'We are back where we started', one administrative director said in a speech headed: 'From social philanthropy to social philanthropy'. Another added in a recent paper: 'The dream is over, as John Lennon said in 1971, the dream of housing provision "for all"' (Nue Møller 1996, p. 10). The consequence is crudely expressed as a 'standard depreciation of political recruitment opportunities in tenants' democracy' (Demsitz *et al.* 1995, p. 30). Accordingly, an administrative executive adds:

Our most significant challenge in the future is to develop new ways of dealing with our working partners (the tenants). What is happening at the moment is that we professionals get too clever. Coping with us is getting more demanding. And just look at the tenant composition: it is getting still weaker (Jensen 1997, p. 169).

The current government has great social policy ambitions on behalf of the social housing associations. Indeed, Danish housing policy after 1993 has become more like social policy. The social housing sector is being integrated with, and held accountable for, a variety of projects and programmes that aim to solve social problems in the locality where they are present, namely on the social housing estates. As the Minister of Housing expressed it in a Conference debate: 'The associations and the local estate boards must



be ready to carry social responsibility. It is no use pushing responsibility onto the shoulders of others (i.e. the government). Successful social development at the local level demands that all socially responsible parties recognise that responsibility' (Boligen 1996, VI, 31).

In sum, there is a clear increase in tenants whose life experiences are marked by lack of choice in housing, education and on the working market; in short, *fatalists*. As one tenant puts it in an interview:

We are talking about socially deprived people; people sitting on their arse day in day out in those flats with the kids without ever coming out; well perhaps they go to the playground because the kids do, then they go up again to have a row with the kids and so on . . . . Many of these people were always taught that whatever they had to say and whatever opinions they held, it did not mean a shit to anybody. It is people who never experienced influence on anything, so why the hell go to a tenants' meeting in the common house and waste their time listening to a bunch of idiots? (Jensen 1997, pp. 342–3).

On top of that, the state increasingly assumes that the associations are obliged and committed to solving a variety of social problems in their natural environment.

The enhanced *consumer orientation* arises from the fact that the associations operate in a competitive housing market. The housing associations, therefore, fight for the lost market share. They struggle to keep the 'average' families who have the option of private ownership, as illustrated by this tenant's reflections over her housing choice:

We chose it because of the physical environment. It is nice and tidy, but it is only a preliminary choice. We want to buy our own house. Communal space and activities are okay, but we prefer to be on our own. I am glad our part of the estate is not so socially demanding (Jensen 1997, p. 459).

The housing associations seek to minimize the differences between home ownership and social housing by strengthening individual freedom of choice and loosening all sorts of constraints on individual life styles in social housing.

A lesson was learnt from the British 'Right to buy' housing policy. 'What did the English tenants do as soon as they bought their own apartment?', the national leader of the social housing associations asked at a conference, 'They changed the front door in order to signal individuality'. Consequently, a number of formal restrictions on individual use of apartments have been removed; for example modernization of apartments became an individual, rather than collective affair. Physical improvements of the individual apartments are reimbursed when tenants move out and the associations try to stimulate a more individualist service spirit among their staff members as illustrated by this staff member's comment on the job profile:

It is dead irritating. But I tell newcomers: you have chosen your job and that job includes all such things: you have to be everywhere, satisfy everybody and make everybody happy with you. The more tenant satisfaction, the fewer cock ups, the less they complain. That is what it is all about (Jensen 1997, p. 420).

Then, there has been an enormous focus on 'service' as the key reason for choosing social housing: 'It is very important for tenants' one administrative director said, 'to be treated as customers rather than social clients' (Jensen 1997, p. 217). Tenants' democracy has scarcely been promoted in the campaigns for social housing. Democracy as a form of social co-ordination offers a voluntary element of influence and implies a compulsory element of communal responsibility. In the campaigns, however, the voluntary element has completely overtaken the communal obligation and democracy is turned into 'shopping democracy' (Jensen 1997, ch. 7) and the tenants are pushed towards the role of the customer. As one housing director put it in a conference speech:

Because of the hard competition on the housing market, the focal point of future campaigns must be our customers. Previously the tenants said "thank you" when they got one of our flats. Today we are the ones to thank people for choosing social housing. Therefore our attention must be focused on the tenant as an individual consumer (Jensen 1997, p. 172).

In sum, the functional domain of social housing is constitutionally built around the presumptions of an egalitarian way of life; but increasingly inhabited by tenants with fatalist experiences; and pursuing a strategy aimed almost exclusively at attracting tenants from the individualist way of life. No doubt, the constitutional intentions reflect a continuing break with hierarchy as the dominant way of social organization in the social housing sector. However, hierarchy has long ceased to be the prime challenge to egalitarian hopes. The problem with introducing an egalitarian life style is not the lack of formal influence for tenants. The problem is that the emerging ways of life are fatalism and individualism, both of which are incompatible with egalitarianism. I will now look at the possible interaction between egalitarianism and the other ways of life.

*Hierarchy* can facilitate egalitarian group feeling. One of hierarchy's big virtues in the 1970s was to act as a bulwark against decentralization which made the fight for it all the more meaningful and heroic. Fighting for tenants' democracy was a heroic fight for 'us below' against 'those above'. Today the association level has little formal power left over local departments. At the formal level hierarchy is dismantled. Estate departments no longer confront an external enemy and have turned to their own inner co-ordination games and conflicts. Evidence shows, however, that local democratic games are facilitated by the *myth* of hierarchy (Jensen 1997, p. 293). Internal differences and conflicts can be driven underground by an external threat. To run democratic games without this external threat demands

organizational skills, political flair, courage and readiness to debate internal matters which is not always to hand. The lack of such skills becomes a big problem with the increasing proportion of fatalists. *Fatalism* according to Thompson *et al.* (1990, pp. 93–4) is the compost of society: 'Fatalists, we suggest, are the cultural equivalent of compost: a rich, generalized and unstructured resource, formed from the detritus of the active biases, and upon which the active biases, each in its distinctive way, can then draw for their own sustenance.' And especially egalitarians are always on the look out for fatalists to rescue:

Fatalists are God's gift to egalitarians. Without fatalists, egalitarians would lack ammunition with which to attack the establishment – the hierarchists and the individualists. The more fatalists, therefore, the better. Hence egalitarians consistently exaggerate the ranks of the homeless, the disaffected, and the alienated as a means to discredit established authority . . . . Powerless and exploited, the fatalists, in egalitarian eyes, are prime candidates for missionary work. Since fatalists are the meek who, one day, will inherit the earth, the egalitarians' task is to empower them so the glorious day is not postponed indefinitely (Thompson *et al.* 1990, p. 95).

But the saying 'too much of a good thing' might apply to the substantial increase of tenants with a fatalist background in the social housing sector. It is one thing to mobilize the deprived masses against the system. It is another thing to empower those deprived masses in demanding egalitarian co-ordination processes. If egalitarian ground rules are followed, nobody in the group is entitled to stand up on a chair and give others a quick bout of consciousness-raising about rights and duties. There is an inherent resistance in the egalitarian culture to recognizing that participation is demanding and does not emerge naturally from a system of formal voice options. Information, education and socialization are inescapable preconditions of success in the egalitarian model of democracy. In practice, the professional system acts to guarantee that the game goes on. The weaker the tenant population, the greater the demands on the professional systems to empower (i.e. inform, instruct, educate, monitor) (Jensen 1997, ch. 5) and the greater the risk that, in spite of the best professional intentions tenants never come to make sense of democracy. Rather fatalism can thrive on *any* polarity, so there is a risk that even the most well meaning professionals will be ascribed the systemic role of 'those who decide'. As cultural theory rightly underlines it takes two poles to create a changing relationship and fatalists may be just as reluctant as any other way of life to give up their core convictions. In cultural theory, individualism and egalitarianism agree to reject external systemic bonds on action. But what *individualists* celebrate – competition and lack of communal responsibility – is loathed by egalitarians. A long-term alliance between the two ways of life is therefore not realistic (Thompson 1990, p. 90). This insight is interesting because the

preferred strategy of the housing associations is to combine these two ways of life. So, housing associations 'sell' democracy as an opportunity for self-realization, rather than a way of making collective decisions. Tenants' democracy *does* attract individualists who interpret it as a brilliant platform for 'project making' (see Jensen 1997, chs. 7 and 8). Running a housing estate and exercising leadership attracts many individualists, but in the short term. 'It is challenging,' one tenants' representative said, 'and I get off on challenges' (Jensen 1997, p. 377). Or another: 'I do it because it is fun. The day it becomes non-fun, I'm off' (Jensen 1997, p. 319).

Consequently, the challenge to egalitarian democratic systems is not to provide still more formal opportunities for egalitarian membership. Breaking down formal hierarchies even further will not automatically enhance egalitarianism as a way of life. In cultural theory terms, the formal breaking down of hierarchies is simply not a big enough 'surprise' for either fatalists or individualists to give up their preferred ways of interpreting the political system. To make the legislation work in accordance with its intentions, the challenge is to 'surprise' the fatalists to use their voice and the individualists to forgo their exit options. It is an exercise in inter-cultural communication more than an exercise in improving formal rules and regulations.

### A CRITICAL APPRAISAL OF CULTURAL THEORY

My analysis prompts three questions about the empirical application of cultural theory: How are the boundaries of the social system identified? Are the ways of life firmly rooted in individuals or are they instrumental responses to shifting ways of social organization? Is 'surprise' enough to provoke a change from one way of life to another?

Cultural theory derives its explanatory motor from the dynamic relationship (separation-attraction) between different ways of life in the system and the difference between different social systems is due to the different balances and dynamics among ways of life inside those systems:

Cultural Theory gives us five ways of organizing, each of which defines itself against the others. The whole thing, therefore, is a self-organizing system that cannot be simplified. If one way of organizing is there, they will all be there . . . . Of course, their relative strength and patterns of alliance can vary and it is to these variations that we should look to understand why different social systems are different and why even the same social system varies over time (Thompson 1996, p. 56).

When employing this idea in empirical analysis, there is a problem with defining the boundaries of the social system. The boundaries are important because it is the struggle within the system that accounts for its dynamic development. It is the relative strength of ways of life that distinguishes one system from the other. So, how do you identify a system's boundaries to distinguish inside from outside and compare one system with another? Is there some naturalist idea behind the idea of a social system: a country,

a village, a group? In practice most cultural studies focus on a 'natural system', be it at the macro-level as in Almond and Verba's (1989) study of national political cultures or at the micro-level as in Thompson's (1996) example of a Himalayan expedition. How do those levels of analysis relate to one another (the group as a part of a village, as a part of a country, as a part of a region, etc.)? Or, are the boundaries drawn analytically by the researcher and her research question? So, the researcher decides that in this case the focus is on the relationship between people in a village or between different villages. In which case, the boundaries are arbitrary.

Alternatively, the system can be traced through empirical analysis. The pre-eminence of one way of life in the unit of analysis chosen prompts the researcher to look for the other ways of life, until the system is mapped by empirical evidence. My own field work took a naturalist point of departure; the units of analysis were small political systems, i.e. a neighbourhood with its tenants, its politicians (tenant representatives) and its professionals. Some of the internal dynamic described by cultural theory was certainly traceable. But the boundaries were at best semi-permeable. The growth of fatalism, for example, could not be explained only by the system's internal dynamics. There was a massive import of fatalists from other parts of the housing market from, for example, demolished public renting or bankrupted home owners.

I conclude, therefore, that the social system is not empirically self-sufficient. It becomes empirically necessary to look at more than one system; at the effects of one system on another. We are dealing with a loosely coupled network of systems, each component of which is simultaneously closed around its own logic but still open to the logic of the other systems. Semi-permeability is a precondition for 'surprises'.

Cultural theory is ambivalent on the question of whether a way of life is firmly rooted in an individual. Are ways of life *ad hoc* strategies for dealing with different external impulses or are they more fundamental beliefs about life and death and the nature of human existence? Thompson (1996, pp. 36–37) illustrates how the 'underground' part of a Himalayan climbing team changes its way of organizing in the course of climbing Everest:

There is a brief and none too visible phase in which the Underground makes the crucial transition from fatalism to individualism by way of egalitarianism. . . . Cultural theory insists that institutions are made afresh every morning, albeit often enough (but by no means always) in the same form as they were made yesterday morning. And, with the form of solidarity as the unit of analysis, and with *an* individual often moving in and out of several solidarities in the course of a single day, the sorts of rapid lurches that our Everest climbers make are only to be expected.

However, the examples given in *Cultural Theory* (Thompson *et al.* 1990), such as the idea of physical and human nature, are too fundamental to

change in a day. But that is not the most important point. I think one serious constraint on hopping from one way of life to another is that different ways of life not only produce different world views, but also produce and demand different individual and social skills. Individualists who primarily inhabit one way of life may actively *unlearn* skills necessary to cope under different circumstances. Cultural theory offers one illustration, drawing on Harry Eckstein's *Theory of Stable Democracy*. Thompson *et al.* (1990, p. 266) suggest that individuals accustomed to authoritarian relations in the home and in the workplace may find themselves out of place and unsure how to behave in a democratic political system. My empirical evidence supports this conclusion. All three alternatives to egalitarianism had this problem with the egalitarian 'surprise'. Fatalists were unsure and out of place. Hierarchists established yet new hierarchies, albeit at the local level because they found it difficult to cope with lack of formal distinctions between people and because they did not have any faith in ordinary people's capacity to make decisions. Individualists entered the democratic games in search of personal challenge, not because they were necessarily committed to the local collectivity. A well-known jump was from voluntary work as a political leader to a professional career in the housing organizations.

Cultural theory therefore needs a distinction between the recognition of a different way of life and mastering its techniques. There are two stages in responding to a surprise. Which brings me to the final and most important critique of cultural theory. Surprise is a logical necessity but not a sufficient precondition for changing from one way of life to another. The theory must enumerate a typology of the skills and resources needed to engage in the different kinds of solidarities.

Returning to the initial question of the relationship between normative and analytical responses to the breakdown of hierarchies, the empirical case study suggests that egalitarianism is no more of an automatic result of this break down than is individualism. Therefore, a dualist interpretation of social organization does not work. The virtue of cultural theory is that it opens up a two dimensional scenario and admits of several interacting ways of life. My empirical analysis highlights the importance of fatalist life experience; the unlearning of social and political competence that results from lack of choices and responsibilities as well as lack of experience with collective decision making. It takes time to learn the capacities needed for participation in collective decision-making when you were never listened to or counted on. An important lesson from cultural theory is that fatalism can thrive as a response to *any* of the active life styles. Liberalists celebrate the idea that a 'babysitting state mentality' produces fatalists marked by irresponsibility and passivity (so we need 'less group'). Radicals hold that competitive market forces produce fatalists as well (so we need 'more group'). But it is important to understand that even egalitarianism cannot provide a warm and cosy refuge for fatalists. It is a socially demanding

way of life which is more prone to exclude incapable members, or at least not to automatically integrate them.

Cultural theory provides a lense for analysing democracy which is helpful in both academic and practical terms. Because it allows for multiple ways of making sense of the world, cultural theory explains the lack of congruence between institutional design and actor identities and capabilities. It explains why general theories of democracy are not always matched by images of democracy among the people who are intended to play democratic roles. This insight is in turn a useful device for practitioners who aim to develop democracy. A considerable part of the field work was channelled back to field actors and provided a new set of spectacles through which to interpret the gap between intended democratic procedures and experienced democratic images. It changed practitioner views on what to do about the gap. As one educational manager concluded:

There is a very rigid interpretation of political education: educational schemes are the usual two-day seminars with lectures, lunch and then group sessions. Completely overwhelming events for people who were never used to 'sit on a bench all day'. Completely impossible for, for example, single mothers to participate in. Perhaps this is all about rethinking education to fit their situation. Organize seminars so their kids can be taken care of and where other social needs are met. Something like that (Jensen 1997, p. 176).

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# RESHAPING THE DEMOCRATIC STATE: SWEDISH EXPERIENCES IN A COMPARATIVE PERSPECTIVE

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RUNE PREMFORSS

In the international discourse concerning recent administrative reform developments there is a dominant overall interpretation propagated by a dominant storyteller: the public management programme (PUMA) of the OECD. This article takes issue with this story, arguing that instead of a singular pattern of adaptation there have been and there are several different reform trajectories in Western-style democracies, largely predicated on historically determined patterns of state-society relations and significant variations in political cultures. A detailed comparative analysis of the case of Sweden is here used to illustrate the prevalence of a pattern of 'structured pluralism' and the fruitfulness of a historical-institutionalist approach to the comparative study of administrative reform.

Like most other Western-style democracies, and probably most other countries as well, Sweden has made a quite persistent effort to reform her public administration in the last twenty years or so. As in virtually all other OECD member countries, reform talk in Sweden has also contained a fair share of 'New Public Management' ideas. But this is far from the whole story; it is not even the most consequential and interesting one. In this article I will generally try to position Sweden within the 'administrative reform movement' in the OECD countries. In the process I will take issue with the reform story as told by the dominant voices of that 'movement', arguing that instead of a singular pattern of adaptation there have been and there are several different reform trajectories, largely predicated on historically determined patterns of state-society relations and democratic cultures in the various countries.

## ADMINISTRATIVE REFORM STORIES

In the international discourse concerning recent administrative reform developments there are several quite distinct interpretations. Among these there are three stories which merit particular attention. Although their subject matter – a plethora of reform measures, big and small, during nearly

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two decades in some twenty countries – is extremely complex and varied, these stories are arguably quite simple in terms of their basic features and they may be rather quickly told – if not to the full satisfaction of the respective story-tellers themselves. I shall start with the dominant story and then proceed to the two major rival accounts.

### The PUMA story

There is a dominant overall interpretation of the recent 'administrative reform movement'. There is also a dominant story-teller: the public management programme (PUMA) within the OECD. During the last decade or so this R&D programme in the area of administrative reform has been very successful in stimulating interest and debate among both member governments and wider audiences and in formulating and propagating a particular mode of thinking about administrative reform. The story, as told by PUMA (OECD 1987, 1990, 1993a and b, 1995) and its inspirers and followers (Holmes and Shand 1995; Schwarz 1994a and b; Lane 1995), contains three major elements. First, as most stories go, there is a basic *developmental sequence* that could be briefly illustrated as follows:

- (1) 1970s: Crisis of the *welfare state*
- (2) 1980s: A *transitional state*
- (3) 1990s: Arrival of the *management state*

The factors combining into the welfare state *crisis* were chiefly these: Too much public spending overall and on welfare and associated programmes in particular; too rigid public organizations focused on input factors and rule application instead of cost awareness and performance; and, finally, radical changes in environmental conditions, particularly the arrival of truly global markets in many hitherto protected areas of the economy. The *necessary adaptations* were handled during the 1980s through a set of basically relevant, but still piecemeal and partial measures. In this *transitional* phase governments sought to control public spending, and they launched various reforms of budgetary and management processes. Their strategies could be summed up by the catchphrase 'let managers manage' (Savoie 1994, p. 63). There was a strong emphasis on the decentralization of decision-making power, on a new leadership in public organizations and on a new service and customer orientation at the production level.

But, the story continues, these measures were not sufficiently radical and comprehensive. It was not enough to let managers manage through the delegation of power and through persuasive campaigns about the importance of satisfied clients and customers of public services. In order to genuinely transform the entrenched welfare state and its rigid organizations into a fully-fledged *management state*, governments had to 'make managers manage'. Through forceful reforms pursued by powerful, autonomous actors at the centre of government and aimed at radically changing the *structure of incentives* of managers and their organizations, the public sector could be

greatly improved in terms of efficiency and effectiveness. The basic normative ideal was the *market* and the measures taken should include outright privatization, and where that was not feasible, the creation of markets or market-like conditions as an operative context for (almost) all public organizations.

As a second major element, the PUMA story (as many or most stories do) also identifies *heroes* and *villains*, or *leaders* and *laggards* in the march to the land of plenty. The heroes are in general the Anglo-Saxons, but in particular New Zealand, followed quite closely by the United Kingdom. New Zealand was already in the mid-1980s pioneering developments toward the management state. Ten years later it could still justifiably be portrayed as the most obvious success story. Its status as an undisputed hero was no doubt basically due to the nature of its reforms and their explicit founding in public choice thinking in general and principal-agent theory in particular (Boston *et al.* 1991 and 1995), but it was also predicated on its ensuing economic success – by far the most cherished end value in the PUMA story – which was seen as largely or even entirely an accomplishment of its radical public sector reforms. What about the villains and the laggards of the story? It follows quite naturally from the basic character and logic of this kind of account, that laggards are portrayed as being in a sorry state of non-modernity, as putting up an ill-informed and essentially meaningless last struggle – not as travelling down an alternate route leading to a different destination. But there is still hope for the laggards. If they only make a serious effort to reform themselves in line with the leaders, they may catch up.

The PUMA interpretation inevitably has to recognize the great variety of administrative reform measures in the member countries, but there is a strong tendency or even bias – and this is the third major element of the story – to interpret developments in terms of *convergence*, and a corresponding inclination against identifying and discussing signs of *divergence*. It would of course be quite dysfunctional in analyses that are essentially (intendedly or not) ideological tracts, to point to different trajectories. The true accomplishment in the ideology-producing mode of story-telling is to fully convince the reader/listener that there is only one road open to the promised land.

### The *plus ça change* story

The PUMA interpretation clearly claims to be based on the kind of 'realism' which undergirds both public choice and market thinking. People, both individually and in groups, normally act in a self-centered fashion. One line of criticism against the welfare state paradigm is consequently levelled at its 'idealism', or the notion that people spontaneously, or after appropriate socialization and persuasion, will act in a solidaristic fashion. Since this is deemed utterly unrealistic and since the institutional solutions based on such notions have proved to be highly detrimental to other values such

as individual liberty and economic flexibility and growth, processes and organizations in the public sector must be altered to conform with 'market realism'. Altering the 'structure of incentives' for all actors concerned – politicians, bureaucrats, special interest groups and citizens (or, rather, customers) so that they all become subject to 'market discipline' will do the job and is the key to the successful reform of the public sector in this new era of global competition.

A second account of administrative reform developments, here called the *plus ça change* story, is, by contrast, based on a different brand of 'realism', basically questioning the presence and feasibility of instrumental rationality in all human action, both individual and collective. Here administrative reforms are preferably viewed as symbolic responses to environmental expectations (March and Olsen 1989; Brunsson and Olsen 1993). To the extent that public sector organizations change at all, they do so because they want to 'appear modern'. In general there are few or no causal relations between modern reform talk on the one hand and genuine modernization effects on the other. In recent years (the story goes) there has clearly been a strong trend towards *convergence*, not least due to the effective spread of ideas by international bodies such as the OECD, the World Bank, and the International Monetary Fund. But then again, this is basically a convergence of the way policy makers (as well as some or most academics) talk about reform. The relationship between this new and widespread way of talking about administrative reform and actual change in public sector practice is tenuous at best.

This story also contains a *developmental sequence*, but of a different kind from that of the PUMA account. It may be characterized as a generalizing and cyclical construction rather than a historicist one. First, changing environments and events create a demand for 'reform'. Then, public organizations produce 'reform talk' in order to survive and prosper, striving hard to adjust to changing expectations of what it means to be 'modern' in the new environment. But their behaviour is best characterized as hypocrisy since little actual change follows or is attempted in the core practices of organizations, particularly in response to various 'planned change' efforts by central authorities. Finally, as environments change and new events occur, a new cycle of reform (containing no doubt, and again, much talk and little genuine change) begins.

There are few or no *heroes* and villains or *leaders* and laggards in this story. No wonder, perhaps, since it is basically a story about the futility of rationally conceived change. No doubt, however, a place of pride is allotted those who share the insights about this basic futility or 'realism' concerning 'planned change' with the story-tellers themselves. If anybody at all, then, the 'non-reformers' of this world are the 'heroes' of this sceptics' tale of administrative reform.

### The structured pluralism story

There now exists a limited but significant scholarly literature dealing empirically and comparatively with recent national administrative reforms. With some exceptions, these comparative studies emphasize the considerable *variation* that may be observed among nations with respect to reform ideas and strategies, contents and impacts. Thus Johan P. Olsen and Guy Peters (1996, p. 13) conclude from the eight-nation comparative study they have conducted:

The studies presented in this book show that this reform ideology ['new public management'] was not, in fact, universally accepted and that there was no general wave of public sector reforms. Across the eight countries studied, there were significant variations in the discontent with the public sector and in the perceived need for radical, administrative reform . . . Ideas about generic management, private business and competitive markets as exemplary models for running public bureaucracies, were not adopted with the same ease in the eight countries. In some countries the rejection of the private sector exemplar of good management was outright.

Similar observations concerning variety abound in other recent comparative studies (Kickert and Beck Jørgensen 1995; Campbell and Wilson 1995; Flynn and Strehl 1996; Hill and Klages 1995; Laegreid and Pedersen 1994; Massey 1993; Naschold 1995; Savoie 1994; Wright 1994). As often as not, these observations contain a criticism of the OECD/PUMA interpretation of developments for its unjustified stress on similarity and convergence. And frequently, the analysis is developed further to include observations on causal factors behind this variable pattern, typically stressing the importance of historical and structural determinants. While the analysis may then stop at the point where nations and their reform experiences are characterized as essentially unique, many authors also find that there are limits to the variation observed. Thus Frieder Naschold, in his comparison of eleven OECD member nations writes about a 'limited plurality of development patterns' or 'regulatory regimes' (Naschold 1995, p. 11):

Contrary to the official view taken by the OECD as an organisation, there is no evidence of a linear homogeneous trend in public sector development . . . . Indeed, as far as future developments are concerned, convergence seems less likely than centrifugal development trends within regulatory models . . . . Moreover, contrary to the assumptions made by the OECD, the plurality of regulatory regimes makes it impossible to derive and justify an immanent ranking of these regimes or to presuppose that one specific regime (particularly the Anglo-Saxon model) is necessarily more efficient than others.

Naschold himself identifies four such patterns or 'regulatory regimes'. Others commonly identify three basic (and from many other contexts well-

known) models – an Anglo-Saxon model, a Nordic (European) model, and a Continental (European) model – while typically leaving other Western-style democracies unclassified.

Our third account of administrative reform developments – here termed the ‘structured pluralism’ story differs in important respects from both the PUMA account and the *plus ça change* interpretation. Most importantly, it emphasizes in both empirical and normative terms that there are several reform trajectories, several promised lands if you wish. While the PUMA model’s account of the *developmental sequence* may fit some countries (Anglo-Saxon in general, and New Zealand and the UK in particular), it is of only limited or no validity with respect to the reform trajectory of most nations. In normative terms, progress must clearly be measured against multiple values; no single yardstick or league table will do. Our view on *heroes* and *villains*, and *leaders* and *laggards* must also be very different if we adhere to the structured pluralism account.

Compared to the sequential logic of the *plus ça change* story, the structured pluralism interpretation of administrative reform differs significantly since it finds plentiful evidence of effective causal relations between national reform strategies and genuine change. There is, to be sure, far from a perfect match between intent and outcome, and unintended impacts are legion in administrative reform (as elsewhere) but dominant value sets, specific policy inheritances, and institutional arrangements (including and perhaps particularly entrenched configurations of power) specific to individual nations or to classes of political systems are obviously reflected in those genuine changes that are (at least partially and imperfectly) brought about by administrative reform. The empirical evidence is now, according to the structured pluralism story, simply too rich and convincing for us to believe in the general claims of the *plus ça change* story. And since this evidence clearly points to the existence of several quite distinct reform trajectories, we should not listen too attentively to the PUMA story-tellers either.

### **The reform stories and institutionalist theory**

In the late 1970s a ‘movement’ started across many of the social sciences. Its common concern was a strong plea for ‘the rediscovery of institutions’. Since then we often refer to this ‘movement’ as ‘new institutionalism’ or ‘neo-institutionalism’. At a closer look, it is obvious that this new institutionalism is composed of a small family of quite different approaches which seem to have little more in common than the postulated general importance, perseverance and explanatory power of a societal phenomenon labelled ‘institutions’. Apart from this commonality – which is, however, important – the usual and wide rifts between various social science ideals and approaches concerning issues of ontology, and rationality concepts, seem to be reproduced within the family of ‘new institutionalisms’.

Figure 1 represents an effort to summarize briefly some salient features

	<b>Sociological institutionalism</b>	<b>Historical institutionalism</b>	<b>Rational choice institutionalism</b>
<b>'Institution'</b>	Any social interaction of a taken-for-granted quality	Formal and informal structures; not classes or norms	Formal and informal rules and procedures
<b>Ontology</b>	Constructivism (strong)	Constructivism (weak)	Realism
<b>Rationality</b>	Irrationality / Appropriateness	Appropriateness	Instrumentalism
<b>Key study objects</b>	Organizational fields	Public policies and power constellations	Public choice outcomes
<b>Exemplary authors</b>	Brunsson, DiMaggio, March; Meyer; Olsen; Powell; Scott	Hall; Pierson; Rothstein; Skocpol; Skowronek; Steinmo; Thelen; Weir	Levi; Hedstrom; North; Shepsle; Weingast; Williamson

FIGURE 1 *Three new institutionalisms*

of the three most prevalent varieties of new institutionalism. Needless to say, they are simplified to the point of distortion (for other overviews, see Hall and Taylor 1996; Koelbe 1995; Rothstein 1996; Scott 1995). My argument – more a note than an argued and elaborate case here – is that there is an obvious fit between the three reform stories identified earlier in the article and the three new institutionalisms as outlined in figure 1. The matching pairs are (probably to nobody's surprise) the following:

- (1) the PUMA story – rational choice institutionalism
- (2) the *plus ça change* story – sociological institutionalism
- (3) the structured pluralism story – historical institutionalism

If you accept, as I do, the structured pluralism story as the most valid empirical account of recent administrative reform developments in Western-style democracies, there are several good reasons to adopt historical institutionalism as the basic approach in future research. First, in contrast with rational choice institutionalism (but in common with the sociological variant), it starts from a dynamic view on goals and objectives, and it encompasses the fundamental insight that goals may well be and often are shaped by institutions. The study of administrative reform clearly has to make room for such complex processes – not even Mrs. Thatcher knew where she would go in the beginning (Fry 1995; O'Toole and Jordan 1995; Richards 1997) – and rational choice thinking, where goals are regarded as essentially exogenous and only strategies or means are shaped by institutional factors, will not do the job.

Second, in contrast to both the rational choice and the sociological approaches which share a universalizing ambition, historical institutionalism aims at no more than middle-range theorizing. This is largely because it postulates that history matters, and matters greatly. While sociological

institutionalism essentially is and must be, rational choice institutionalism may not always be ahistorical – but still its universalizing character tends to make it insensitive to the complexities of real history. In practice it almost always turns out far too whiggish for my taste.

All three reform stories as told above no doubt contain important arguments and insights, and all three new institutionalisms have proved to be fruitful in empirical research. My own preference is without doubt the matching pair of the structured pluralism story/historical institutionalism, and in the remainder of this article I will use Swedish reform developments as my primary empirical case in an effort to establish the fruitfulness of that approach to the comparative study of administrative reform.

## ADMINISTRATIVE REFORM IN SWEDEN

Here I will first, in a necessarily compressed fashion, chronicle Swedish administrative reform developments during the last twenty years. Then I will discuss Swedish experiences in a comparative perspective, also commenting on Sweden's 'story' in relation to the three generalizing reform accounts outlined above. Finally, I will provide an admittedly sketchy attempt to explain Sweden's administrative reform experiences with particular reference to some basic features of its institutional and policy heritage.

### Twenty years of administrative reform in Sweden

There is a quite understandable tendency to view one's own time as a period of great and exciting events, a period of transition from *l'ancien regime* to a new era. In the field of administrative reform in Sweden the last fifteen or twenty years are sometimes portrayed as something radically new and different. Commonly packaged under the label *förvaltningspolitik* (literally 'administration policy'; sometimes also *förnyelsepolitik*, meaning 'renewal policy'), administrative reforms are presented as something largely or wholly invented by the present generation of reformers and attentive audiences. Historically, this is of course absurd. Every century, beginning at least in the 1500s, has seen a period of significant administrative reform efforts in Sweden. What is both true and interesting, however, about our era is that the nature of administrative reform changed in important respects from roughly the late 1970s onwards.

As I have written elsewhere (Premfors 1991), the vast effort at constructing the 'Swedish model' of a welfare state, had implied a 'policy-led' reform process. As programme was added to programme and new organizations were created alongside existing ones at a historically unique scale and pace, there was little room for reflection on specifically administrative issues; such issues were simply secondary to the major 'task structure' of policy development. However, they were far from totally absent. For example, in the early 1960s much more comprehensive efforts than hitherto were made to institutionalize effectiveness and efficiency considerations in central government by *inter alia* reforming the key agencies in that



area (Premfors 1982). And local and regional government reform was a longstanding and recurrent item on the reformers' agenda (see below). In sum, while administrative reform was neither a new nor a marginal phenomenon in Sweden up until the late 1970s, it was different from what was to be. From the late 1970s, administrative reform changed from being 'policy-led' to what we may (for want of a better term) characterize as 'organization-led'. This paradigmatic shift implied both that the public sector was now increasingly viewed as a set of organizations in deep trouble and that the increasingly necessary administrative reform and improvement would have to imply significant changes in the way these organizations *qua* organizations were designed and run. From being one necessary and largely unproblematic element in the solution of public policy problems, the public sector (viewed as a set of organizations) in a relatively short span of time had turned into a – and according to some *the* – major public policy problem in Sweden.

This rather dramatic discursive change involved both the 'power' and the 'money' aspects of the public sector. The public bureaucracy was increasingly seen as both oppressive and/or too autonomous and too expensive and/or wasteful. In terms of the developing reform agenda, the power aspect was emphasized first. In 1976 the social democrats were ousted from power for the first time in more than four decades. One important explanation of this was a widely shared view at the time that the social democratic leadership had increasingly formed a symbiosis of sorts with the country's bureaucratic élites. The incoming non-socialist coalition government did their best to profit from this mood of the country and among the early measures taken many concerned the problem area of public administration. For example, the new government appointed two major *ad hoc* commissions, one dealing with the problem of red tape in government and the other concerned with more structural issues of central government control of the bureaucracy. The non-socialist governments – there were three of them during the years 1976–1982 – were also very active in the area of local government reform, stepping up the pace and widening the scope of the by now quite persistent efforts at decentralization.

Although actions taken during the period 1976 to 1979 could well be seen as precursors of the more comprehensive attempt at administrative reform that would follow, it took the final arrival in Sweden of a strong sense of economic and fiscal crisis to bring that kind of major effort about. This arguably occurred in 1980 when a consensus of sorts began to form around the position that the exploding budget deficit (reaching a peak of 13 per cent of GDP in 1982) was the major public policy problem in Swedish politics (Premfors 1984).

The Social Democrats returned to power following their successful showing in the general elections of September 1982. Their success was no doubt predicated on the conviction of many voters that they were after all more competent at governing the country, and particularly at combating rising

unemployment. They did not win – I can think of no instance anywhere where this has clearly been the case – due to the attractiveness of their proposals for administrative reform. But the fact is that they regained power with a broad strategy on that issue in their public policy baggage. Key to this strategy was the creation of a new cabinet position and a new ministry (*Civildepartementet*) exclusively concerned with public sector reform. The strategy was still not exactly an elaborate action programme. It would take the new minister, Bo Holmberg, and his staff about three years to develop such a programme, and the effort was surrounded throughout by much controversy. Considering the ideological profile of the minister, the nature of the conflicts was of a rather predictable kind. Elsewhere I have analysed the struggle concerning the evolving reform programme as one among three rather distinct factions within the Swedish labour movement (Premfors 1991): the ‘*decentralists*’ headed by the Minister of Public Administration Reform himself and supported in particular by many local government politicians; the ‘*traditionalists*’ led by some cabinet members running ‘*spending ministries*’ as well as public sector union officials; and, finally, the ‘*economizers*’ with the then Minister of Finance in charge and with only scattered support among Social Democrats outside his ministry (but vehemently supported by most of the non-socialist opposition and by private business circles).

When the comprehensive public sector reform programme eventually appeared, this also marked in practice the end of the hegemony of explicitly ‘*decentralist*’ reform talk and (some) action. The minister was by now strongly criticized for engaging in ‘too much talk and too little action’. And in 1988 the ‘*traditionalists*’ and the ‘*economizers*’ banded together, and saw to it that Bo Holmberg never returned to his position as chief reformer after the general elections of 1988. The administrative reform policy of the period 1982 to 1988 had of course been a series of efforts to modify the ‘*power*’ and the ‘*money*’ problems of the public sector. The problem for Bo Holmberg was that he soon came to be viewed as too oriented towards the ‘*power*’ problems – democratic participation and decentralization – to the neglect of the overall need for a forceful strategy to curb public expenditure and to make public organizations more productive and efficient. The key themes of this first period of comprehensive administrative reform were, rather, ‘*a new public service culture*’ and ‘*user influence*’ or even ‘*user democracy*’. Political and administrative decentralization of a radical nature but within the context of a public sector essentially unchanged in scope, structure and commitments was the overall conception of reform propagated at the time. It far from satisfied the ‘*economizers*’ and it worried the ‘*traditionalists*’ because of its perceived threat to their most cherished value of ever-increasing equality of conditions among the Swedish people.

Hindsight makes it possible for us to know that the Social Democrats stayed in power in 1988 despite the evolving mood of the country. Opinion polls show that both the party leadership and ‘*their*’ public sector quickly

lost favour with the voters during the course of 1989. The Swedish people moved to the right (as traditionally conceived) in an unprecedented fashion, and as expressed both in terms of party sympathies and in their declining support of public sector institutions. This development together with early signs of a resurging economic crisis combined to give the 'economizers' the upper hand in public sector reform discussions. Although *Civildepartementet* was not dismantled, it was reorganized and reoriented in important respects. And public sector reform was from about 1988 either explicitly conducted by or, at least, run in the spirit of the Ministry of Financial Affairs. The major efforts were from now on increasingly aimed at restructuring central government and at implementing a full-fledged system of 'management by results'. Significantly, the Social Democratic government also greatly modified its views on privatization. As clearly expressed in its Budget bill of 1990, it had now abandoned its principled resistance to privatization as a reform measure, and it was henceforth considered to be a legitimate option if practised on a limited scale and for 'pragmatic' reasons. Most importantly, this position implied that in all key areas of the welfare state – child care, primary and secondary education, personal social services, health care and care of the elderly – where services are actually largely managed and almost *in toto* produced by local and regional government organizations, private providers were now accorded a greater role – albeit as a 'complementary' element. The appropriate mix of public and private would in principle be a matter of local (and in health care of regional) government decisions. With regard to the central administrative level, the social democratic government launched what it called the 'administration programme' in late 1990. The programme implied a number of rationalization measures and reorganizations in central government. All in all it would imply a ten per cent cut in administrative activities over three years.

Of course nothing accomplished in the area of administrative reform could stop the strong currents prevalent in the Swedish electorate at the time. In September 1991 a majority firmly voted in favour of a non-socialist government. For the first time since 1930 Sweden got a Conservative Prime Minister. Predictably public sector reform policy was significantly radicalized as a consequence. In fact, the programme launched in this area by the new government was manifestly neo-liberal in philosophy and intent. It contained a big dose of privatization, both in terms of sales of a large number of state-owned enterprises (more than thirty according to the early plans), and radical ideas about 'market testing' as the fundamental principle in all deliberations about the public sector. The reform talk could have been borrowed from New Zealand and the United Kingdom – and it largely was. Although the *Civildepartementet* was not dismantled, it was more marginalized in the field of administrative reforms than it had been during the 1988–91 period. Instead reform ideas and actions were planned within a new special unit in the Ministry of Financial Affairs. If there had been some

doubts before, there was now no gainsaying that public sector reform was, in the view of the reform zealots, mainly or wholly about economy and efficiency.

However, this time around as well, there was a gap between reform talk and reform measures actually decided and implemented. Owing to the full onslaught of the deepest economic crisis in Sweden since the 1930s, and the decision by the four-party Coalition government to manage this by making a series of deals with the Social Democratic opposition, significant parts of the privatization and 'marketization' scheme were halted or at least postponed. However, important structural reforms were implemented during the period 1991–94 – apart from the sale of some state enterprises, a number of public authorities (mostly but not only in the hybrid form of *affärsverk*, or 'commercial authorities') were transformed into public corporations; and a plethora of organizational reforms were implemented based on such concepts as 'streamlining' and 'buyer/seller separation'.

However, the ungrateful and changeable Swedish voters soon deserted this government as well. Already in 1992 they began to rally behind the parties of the left, and in opinion polls they started to express increasing support for and confidence in public sector institutions and activities. Their flirtation with fully-fledged neo-liberalism turned out to be ephemeral. It was difficult not to interpret the resounding victory of the left in the general elections of September 1994 as anything but a vote of confidence in the Swedish welfare state, or at a minimum, as a protest against any radical tampering with it.

The return of a Social Democratic (minority) government in 1994 could in the area of administrative reform best be described as a return to the ideas and the pursuits of the 1988–91 period. The pace of privatization and generally of 'marketization' in the public sector has been slowed down significantly but has not come to a full stop. The reform talk is decidedly different. Although there is almost as much talk about economy and efficiency, the ideological fervour in support of markets is rarely if ever present. But there should be no doubt that the 'economizers' firmly retain the upper hand gained within the party around 1988. My prediction is that little or nothing will change in this regard as long as Sweden's serious economic problems persist. But meanwhile, real changes are at work which indicate that the true 'winners' in the struggle over public sector reform in Sweden may well be the 'decentralists'.

### **A comparative interpretation**

At first glance Swedish experiences with administrative reform during the last twenty years seem to fit the PUMA story amazingly well. For example, there is little doubt that the transformation in the late 1970s of public sector reform from a quite patchy and 'policy-led' activity into a reasonably comprehensive and 'organization-led' model was a direct response to the economic and fiscal crisis of the Swedish welfare state, which in turn was no

doubt largely due to global economic developments at the time. And although quite comprehensive compared to parallel efforts in many other countries, the Swedish reforms of the 1980s may well be judged as insufficiently radical. And then, much in line with the PUMA story, the early 1990s saw a marked radicalization of public sector reform in Sweden. This time around reforms were based on the alleged insight provided by the leaders in the field, that 'market discipline' had to be pervasive throughout virtually all of the public sector if lasting gains in terms of economy and efficiency should be secured.

No doubt the PUMA story-tellers are quite happy with developments in Sweden (OECD 1995). Despite her doubtful past – the epitome of the Social Democratic welfare state – Sweden is judged to fare quite well in the league table of member nations. On average, Sweden seems to be somewhere in or slightly above the middle. On some counts, particularly as regards personnel policy and 'executive agencies' developments, she may even be close to the top.

But the PUMA story fits less well when applied to other respects of Swedish reform experiences. As regards the story's developmental sequence, the post-1994 period is of course problematic. As we have seen, reform developments in Sweden in recent years may most adequately be described as a return to the late 1980s, that is as a retrograde step in terms of the neo-liberal ideals of the PUMA management state. This feature of the Swedish reform story should also serve to remind us that politics, including party politics, matters in the area of administrative reform as well. The oft-repeated observation among PUMA story adherents to the effect that 'everybody is doing it – including the socialists' is arguably only half true at most. Their predisposition to eagerly collect evidence in favour of convergence and generally disregard data on differences encompasses the tendency to view 'socialists' or 'labour' as a singular phenomenon. If there is anything we know for sure from comparative studies of political movements and parties, it is that they, despite commonalities like names and canonical texts, come in all sizes and shapes – that they are evidently shaped by their specific traditions and cultural contexts. The observation that 'even some socialists are doing it', is never in the PUMA discourse followed by the observation that 'some (or even most) conservatives are *not* doing it' – which is at least equally true.

Much more importantly, the PUMA story as well as the *plus ça change* account of administrative reform, each in its own way entices us into neglecting the most important set of developments of all in the Swedish setting – and, I suspect, in that of many other countries as well. Both stories, despite their many differences tend to focus and thrive on innovative reform talk – PUMA adherents in order to register all signs of success, the *plus ça change* interpreters in view of reconstructing ambitious reform talk so as to be able to reveal hypocrisy, i.e. the always glaring gap between intent and outcome. What both generally risk missing are the more low-

key and slowly evolving discourses and real changes. In our case this is *the transformation of the Swedish state into what may be characterized as 'a federation of welfare communes'*.

Here I can only provide a brief outline and some scattered illustrations of the full argument. First, if the public sector is viewed as a large and complex 'bundle of commitments' between government and citizens of a country, then this 'bundle' is actually bigger today than it was in the mid-1970s in Sweden. It obviously stopped growing through new 'commitments' during the 1980s, but there is no strong evidence of any rollback in the overall scope of 'commitments' over the last twenty years. For example, no important welfare state 'commitment' has been dismantled. Privatization has occurred, as we saw earlier, but it has only marginally affected the core activities of government at the various levels in Sweden. State-owned enterprises have been sold, yes, but since Sweden has, compared to many other European countries, always had a very small sector of state-owned enterprises, this activity has not generated any dramatic change. All in all, the state's income from the sales of publicly owned enterprises during the 1990s makes up only a fraction of the state budget *deficits* in those years. In regional and local government, private providers have, as mentioned above, been allowed in to a greater extent than before. But again, in most instances, their share is quite marginal and their services are mostly financed (indirectly or directly) through public subsidies.

Second, the Swedish welfare state reached its peak through a rapid growth during the 1960s and 1970s of local and regional (mostly health care) government activities. If we look at the development of public consumption, the following picture (table 1) emerges. Slightly different distributions may be illustrated by, for example, including transfer payments – but the key observation will not be altered: the Swedish welfare state mostly consists of more than 300 local and regional units, to a very large extent governing and administering themselves.

Third, the autonomy of local and regional governments has increased dramatically. A closer look at this development will reveal significant controversies, periods of change by fits and starts, and even some instances of recentralization – but all in all it is a consistent and radical decentralization that has occurred. It has certainly been a 'willed' development. After considerable hesitation to begin with, the Social Democrats turned around during the end of the 1970s. This development implied the formation of a

TABLE 1 *Public consumption. Per cent of GNP*

Year	Local/regional	State	Total
1960	8	8	16
1970	13	8	21
1980	20	9	29
1990	20	8	28

formidable political coalition behind the goal of decentralization of political and administrative decision-making power. The most consequential resistance has not come from any political party but rather by a number of powerful state agencies often acting in concert with special interest groups. But arguably such blocking efforts have become quite rare and ineffective in recent years. In almost all areas a substantial 'within-state' decentralization has occurred in parallel with the transfer of decision-making power to local governments. The pervasiveness of the forces at work may be illustrated by very recent developments in the area of labour market policy. This field is not just any public policy area in Sweden. Arguably the whole edifice of the Swedish Social Democratic welfare state has been built around the idea of full employment accomplished chiefly through an 'active labour market policy' (Rothstein 1985). The central agency in this area, the Labour Market Board ('AMS'), has been immensely powerful, its Director-General cabinet member in all but name, etc. And recently (July 1996) the Swedish Parliament, the *Riksdag*, decided that AMS should be cut in half and that the 288 local governments of Sweden should take over much of the responsibility for the formulation and implementation of labour market policy.

Finally, my conclusion is *not* that there is no truth whatsoever in the PUMA and the *plus ça change* stories when checked against Swedish experiences. Some considerable 'marketization' trends may be observed in Sweden, and even if the welfare state has not been rolled back significantly, there is considerable drama already in the fact that it has largely stopped growing. It is also true that we easily find a considerable gap between intent and genuine change in the Swedish experiences of reforming the public sector. The most glaring such gap lies between the sophisticated reform talk concerned with the strengthening of central control through 'management by objectives' or 'management by results' and the limited impact of such processes – since these instruments are arguably founded on the obsolete idea that a few hundred people at the centre can in any meaningful sense govern the actions of hundreds of thousands of other people working in many largely autonomous public organizations, thoroughly embedded in local and regional environments all over Sweden. However, some mistake this new societal configuration for a 'market' – which by any reasonable definition it is not. And others keep repeating gloomily that since we never get what we want we probably did not want it in the first place. I suggest that this is wrong on both counts.

### Explaining Swedish reform developments

Why has this radical decentralization occurred in Sweden during the last twenty years? Again, I shall be able to provide no more than a bare outline of a rather complex argument. First of all, it has been a highly desired development on the part of many consequential actors for well over thirty years. Elsewhere I have written about this in terms of two major challenges

to the 'Swedish model' (see Premfors 1991). The first serious challenge of the late 1960s and the 1970s was clearly one from the left. While it implied a radicalization of the redistributive element of the 'model', it was equally adamant in its critique of its highly centralist features. Demands for decentralization and even 'direct democracy' were increasingly voiced in all walks of life in Sweden, including the public sector. The initial reaction of the defenders of the 'model' was one of little understanding and sympathy for the critique, but in the course of the 1970s a slow but profound reorientation occurred. Successively, decentralization became a cure of most ills, a means to most ends, and – often enough – an end in itself. Interestingly, this process was assisted by the second profound challenge to the 'Swedish model', effective from about 1980 onwards, and this time from the right. This challenge obviously aimed at more radical changes, at rolling back the state or, rather, the public sector as a whole and making room for 'civil society' in general and free markets in particular. The point I want to make here, is that this rightist challenge, although aiming much further, typically also gave support to a sustained decentralization of politics and public administration.

Second, this discursive dominance of the concept of decentralization in Swedish politics from the 1970s onwards cannot by itself, however, explain why a real and radical decentralization has been the dominant feature of public sector developments since then. We need to understand why this element of reform has been 'historically efficient' and to this end we must inevitably turn to some prominent and lasting features of constitutional and administrative history in Sweden. My argument here is that Sweden, contrary to what many believe, has not in any simple sense been a centralist society. To be sure, it has had since the seventeenth century a fairly strong central government, run by Kings (and the odd Queen) and eventually by democratically elected leaders, but also by a powerful class of civil servants; to a large extent Sweden has been a *Beamtenstaat*, or *ämbetsmannastat*. This civil servant class has since at least the 1720s been able to uphold a considerable autonomy through the structural feature which is commonly called the 'dualism' of Sweden's politico-administrative system – or in modern reform talk, an 'executive agencies' model. In addition, Sweden has since long combined an elaborate and strong central apparatus with an equally developed local government level. The relative absence of a strong feudalism helped to sustain this tradition of local self-rule even through the periods of absolutism that belatedly but eventually also became part of Sweden's history. From the 1860s a strong local self-government level has been a constituent feature of the Swedish system; in that respect the country has few or no rivals.

A powerful and effective central government, retaining many of its characteristics of *ämbetsmannastat*, and a consequential local government level – but also other features of Swedish society such as its modest size, geographical position and homogeneous and widespread population, and



its slow and piecemeal processes of industrialization and democratization – worked against any sustained development towards entrenched liberalism and a nightwatchman's state during the nineteenth century in Sweden. Quite early in the twentieth century Sweden was well on its way towards building a welfare state. The strength of the labour movement and the relative weakness of the political parties on the right as well as a consensus-oriented capitalist class, paved the way for this development and took it far beyond that of most other countries; virtually only the other Nordic countries may be said to have followed suit, no doubt because similar conditions prevailed and the same or similar forces were at work.

The building of a Social Democratic welfare state necessitated a considerable *centralization* of political and administrative decision-making. But the historical legacies sketched above as well as a number of features of the 'building process' itself, contained the seeds of destruction of this centralized model of development. The sheer size and complexity of the huge welfare commitment required considerable delegation and decentralization of operative and production tasks. By amalgamating local governments in a giant reform effort which reduced their number from about 2,500 to 275 in 25 years, these were made fit for the dramatic growth they experienced in the 1960s and 1970s. This period also saw a great expansion in the number, size and tasks of central administrative agencies.

To make, then, a long and complex story short, my admittedly very sketchy argument is that the institutional heritage (strong and autonomous local governments *and* central agencies) in combination with several features of the process of building the welfare state, and the discursive developments in the 1970s and 1980s, have all *created a dynamic of radical decentralization* – which, I suggest, has been the dominant feature of public sector reform in Sweden during the last twenty years.

Are Swedish experiences unique to that country, or may we observe a similar trajectory of public sector reform elsewhere? I suggest that there are considerable similarities among all four major Nordic countries, and also that the Netherlands displays a largely parallel development. Among these countries we may arguably construct a hierarchy of leaders and laggards. Without doubt, in my view, Denmark should then be singled out as the leader. There, political and administrative decentralization has gone furthest in recent years – *inter alia* because of her reforms aiming at creating systems of 'user democracy' – and Denmark now serves as an example within the Nordic discourse on public sector reform in this respect. In the Netherlands, the historical-institutional heritage has encouraged reform processes to be aimed at a much more significant involvement of 'civil society' organizations in local decision-making and service production (cf. Kickert 1995). Finally, Norway and Finland may be viewed as lagging somewhat behind Denmark, the Netherlands and Sweden, but there should be little doubt that the same or similar processes are at work there as well.

In sum, the chief characteristic of this Nordic trajectory is a (more or less)

radical decentralization of politics and administration, but within a still large public sector and an unchanged or only modestly reduced welfare commitment between government and citizens. Reform talk has certainly contained ideas of 'marketization' and privatization, but the impact has been small, passing or almost negligible. Ideas of welfare and local democracy have survived and flourished even in hard economic times.

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# **PUBLIC MANAGEMENT**

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## **THE ROLE OF PUBLIC SECTOR CHIEF EXECUTIVES**

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CHARLOTTE DARGIE

### **INTRODUCTION**

Chief executives are the new organizational leaders in the public sector. The corporate governance structure of chief executive, chair and a small board of directors has been widely adopted throughout the public sector. Hospitals, colleges, health authorities, training councils and many other bodies are now governed by a board. Next Steps agencies and local councils are headed up by a chief executive. Change reflects a wider belief that private sector is best; public organizations can learn from private sector practice.

Despite significant change in organizational leaders in the public sector, little research has focused on them. Elite research in political science focuses on those who occupy political positions. However, administrative and managerial élites are also important. This article presents the results of initial research into chief executives in NHS trusts and local government. The research uses the concept of behavioural roles as an analytical tool to explain and understand what public managers do. It rejects a universal concept of management. Asserting that the public sector is different is not new. However, few studies look at *how* the context of the public sector influences the behaviour of public sector managers.

### **MODELS OF MANAGING IN THE PUBLIC SECTOR**

Theoretical, conceptual and empirical accounts from different disciplines inform a study of chief executives in the public sector. Several empirical studies look at what managers do, although most are now over twenty years old: Carlson (1951); Stewart (1967), (1976); Mintzberg (1973); and Kotter (1982). There are also several reviews of this area of study, most notably Martinko and Gardner (1985), Hales (1986), Stewart (1989) and Snow and Thomas (1994). Management studies have progressed further

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than political studies in developing methods and concepts for researching managers. However, as a body of work they are criticized for ignoring theory and context.

In contrast, the political science literature views public management as *contextual* (Allison 1983; Rainey *et al.* 1983; Ranson and Stewart 1989, 1994; Kooiman and Eliassen 1993). The political environment of the public sector is distinctive:

... in the public domain the manager is never the principal actor. The distinctive task is to support and *enable* others and different kinds of 'others'; the many (citizens) and the few (elected representatives). The task is to support citizenship *and* government. This enabling role involves the management of balance between a series of tensions which are intrinsic to the duality of the public domain. The role of the public sector manager is the role of counterpoise (Ranson and Stewart 1989, p. 19).

'Liaising', 'linking' or 'networking' (Mintzberg 1973; Ranson and Stewart 1989), the public manager operates through the organization and its environment. Public management is 'different' (Allison 1983; Rainey *et al.* 1983; Rainey 1990). Differences include: '... the complex institutional and political influences, the multiplicity of authorities involved in decisions, the absence of a bottom line with the consequent ambiguity of performance criteria, and the unique ethical considerations in public management' (Rainey 1990, p. 159). The research pursues the distinctive environment of the public sector and its effect on the role of chief executive.

Studies of private sector managers offer methods and concepts for studying new managerial roles. Political science offers the special context of the public sector. What studies have so far failed to do is to combine the two disciplines in order to understand what public managers do and why they do it. The public management literature has neglected the behavioural approach. Theories such as Ranson and Stewart's 'management for the public domain' (1994) assume that the public sector is a uniform environment. Few studies empirically research what public managers actually do (exceptions are Rosemary Stewart's work in the health service; see Stewart *et al.* 1980, 1991 and recent work on entrepreneurship, see Boyett and Finlay 1993, 1995).

## FRAMEWORK FOR ANALYSIS: MANAGERIAL ROLES

In the management literature, 'roles' are used to label and interpret what managers do. They represent an empirically grounded interpretation of managerial work. They operate at a more detailed level than the earlier classical 'functions' of management such as Fayol's (1916) planning, organization, command, co-ordination and control, or Gulick's (1937) 'POSDCoRB'. Many studies take the lead from Mintzberg's (1973) *The Nature of Managerial Work* which identified roles for managers. The concept is

used widely to study organizational actors in the public sector (see, for example on cabinet ministers, Headey 1974; on district administrators in the National Health Service, Stewart *et al.* 1980; and on chief executives in local government, Norton 1991 and Morphet 1993).

Mintzberg (1973) identifies ten behavioural roles in managerial work. They are informational: *monitor, spokesman, disseminator*; interpersonal: *figurehead, liaison, leader*; decisional: *disturbance handler, negotiator, entrepreneur, resource allocator* (see figure 1 below). Roles are used to interpret behaviour. An activity such as a two-minute phone call to a secretary is defined by its

Mintzberg (1973)		Audit Commission (1989)	
<u>interpersonal</u>	figurehead	<u>representative</u>	figurehead
	liaison		salesman
	leader		dignitary
<u>informational</u>	monitor	<u>co-ordinating</u>	administrator
	disseminator		communicator
	spokesman		trouble shooter
<u>decisional</u>	entrepreneur		umpire broker
	disturbance	<u>operational</u>	departmental
	handler		manager
	resource		project
	allocator		manager
	negotiator		specialist
		<u>strategic</u>	corporate
			manager
			political
			manager

FIGURE 1 *Role frameworks*

purpose. So, action leads to purpose which leads to role. The usefulness of Mintzberg's role framework is that it relates to actual behaviour. So, different behaviours, such as that of *public* sector managers, can be compared. Unlike role expectations which identify the demands of contacts made on the focal person (Katz and Kahn 1978; Kast and Rosenzweig 1974), the focal person is observed directly. Figure 1 above contains two sets of roles for chief executives. An Audit Commission report (1989) produced roles for local government chief executives. This study assesses whether these roles capture the important features of managerial work in the public sector.

## METHODOLOGY

### Case study research design

The results of four case studies are presented. Two case studies are chief executives of large, inner city councils and two are chief executives of large, inner city acute trust hospitals.<sup>1</sup> Each chief executive, a 'case study', is systematically compared following a 'replication logic' (Yin 1994, p. 49). The sample is small. However, its aim is not to generalize. The objective of the qualitative research design is to generate new insights into the behaviour of organizational leaders. It cannot be achieved using large-scale surveys which simplify managerial activities, ignore organizational context, and promote general prescriptions for organizational leaders. The research presents several in-depth, individual profiles of chief executives to generate more real, contextual, data that can inform future study.

### Triangulation methods

Three methods are used to collect data in the study. They are: a diary analysis of a year of the chief executives' appointments; a week spent observing and recording the chief executive at work, and interviews with the chief executive, over time. The diary presents 'overview' data for the period of study. Shadowing or observation depicts an in-depth 'week in the life' of a chief executive; it views the job 'as it happens'. Supplementary interviews address the chief executives' own views and interpretations of their job, both retrospective and prospective accounts of decisions, processes and events in the organization. The data collection methods of the study cover the same time period and are inter-linked. They are 'triangulated' (see Jick 1979 for a summary of methodological triangulation).

## RESULTS

### Public sector chief executives: a week in the life

Figure 2 and tables 1–4 depict some summary statistics from shadowing each chief executive. Figure 2 presents a quantitative picture of the chief executive's week. Tables 1–2 show who the public sector chief executive meets in a week. Tables 3–4 show the purpose of different activities follow-

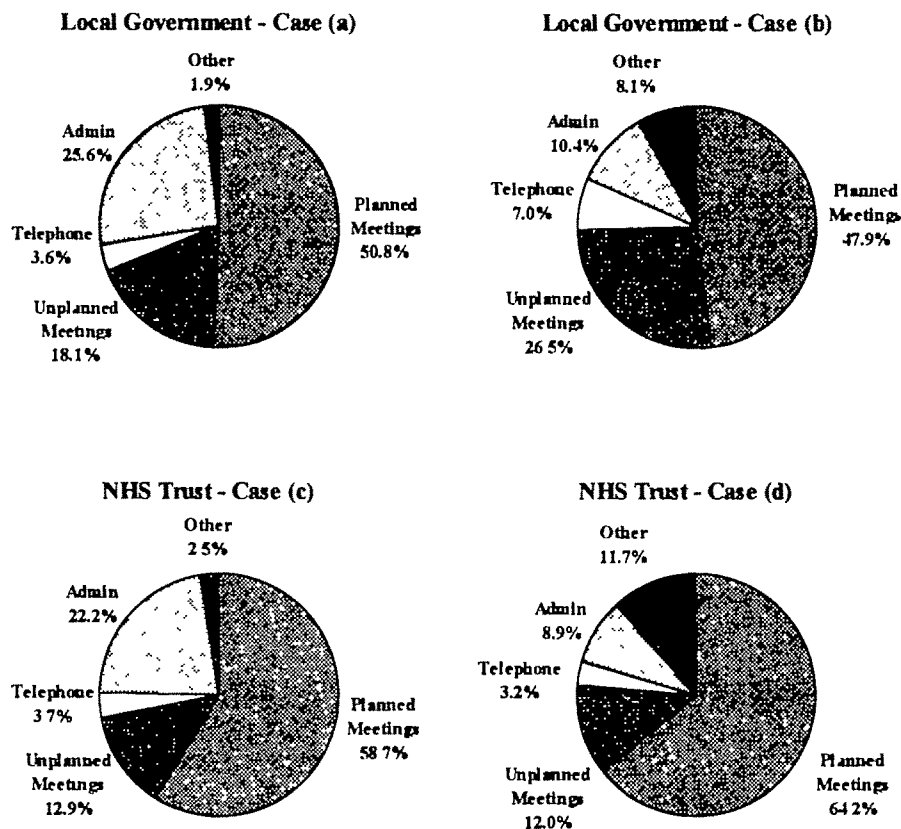


FIGURE 2 *The chief executive's week*

ing Mintzberg's role categorization. Data are taken from shadowing, supplemented with interview data and diary analysis.

### I Characteristics of work

Existing studies predict more formalized contact and external contact for public sector managers (Mintzberg 1973, p. 108; Kurke and Aldrich 1983, pp. 982-3). Figure 2 shows that the public sector chief executives spent nearly three-quarters of their time in meetings; most meetings are also planned. The chief executives of trusts and councils have a heavy schedule of meetings. Contact is formalized. Chief executives meet groups rather than individuals. They do not work alone. Work is office based; the public chief executive meets predominantly contacts from within his own organization.

Mintzberg (1973) found managerial work to be characterized by 'brevity, variety and fragmentation' (p. 38). Kurke and Aldrich (1983) replicate and support this finding for chief executives (p. 983). Managers are not reflexive planners. They react to daily events as they happen and as a result the



issues with which they deal are brief, superficial and they frequently change. Chief executives work at an unrelenting pace dealing with a variety of issues, a pattern broken by constant interruptions. Stewart (1967) found managers spent little time alone in their office and little time thinking. Carlson (1951) found managers had little control over their time; their activities were largely determined for them. Public sector chief executives in this study also worked at a demanding pace. They all worked over fifty hour weeks. The average length of each activity was about twenty-three minutes.

The public sector findings bear remarkable similarity to Mintzberg's brevity, variety and fragmentation. Mintzberg (1973, p. 33) found half the managers' activities lasted less than nine minutes and only 10 per cent more than an hour. These figures were replicated almost exactly for public chief executives; 55 per cent of activities lasted less than nine minutes and 10.5 per cent of activities lasted more than an hour. Mintzberg reported an average of 22 activities per day. Here, chief executives were involved in an average of 28 activities. Chief executives work with verbal rather than written data; Mintzberg found desk work and tours took up 25 per cent of the chief executives' time. In this study public sector chief executives spent an average of 23 per cent on administration and travel. The chief executives did not have time for written work in the office; most took correspondence home.

Studying appointment diaries confirms the hectic and full schedules of chief executives. The chief executive has nearly one thousand planned meetings throughout the year. He meets predominantly with his senior managers but meets politicians, clinicians, other staff and external contacts as well. Most planned meetings are internal; about half were one-to-one contacts.

## II Contacts: whom the chief executive meets

Tables 1 and 2 describe the different people that the chief executives met in a week. Senior managers account for about 30 per cent of contacts. Two

TABLE 1 *Whom the council chief executive meets*

Whom	Time spent (%)	
	Case (a) %	Case (b) %
Committees	11.1	4.4
Councillors	14.5	5.9
Leader/deputy	0.6	7.8
Chief officers	18.8	38.5
Other staff/managers	28.6	21.3
Secretary/PA	2.3	0.2
External	23.4	20.1
Unidentified	0.6	1.8
	(100)	(100)

TABLE 2 *Whom the NHS trust chief executive meets*

Whom	Time spent (%)	
	Case (c) %	Case (d) %
Trust board	10.6	—
Chair	6.4	—
Directors	32.8	39.9
Other staff/managers	8.6	14.8
Other clinicians	4.4	8.9
Secretary/PA	1.1	2
External NHS	22.1	18.5
External (non-NHS)	12.7	15.6
Unidentified	1.4	0.3
	(100)	(100)

groups of internal contacts were particularly significant in this research: clinicians in NHS trusts and councillors in local government. NHS trust chief executives interview new consultants, talk to groups of clinicians and meet individuals about particular issues. Clinicians are also now part of the senior management team:

Most of my routine meetings would be with either managers or doctors, but in their management role. I often see individual clinicians or groups of clinicians on *ad-hoc* issues. If there's a doctor who's particularly worried or particularly interested in something and they want to see me about it, then I would normally see them and occasionally, if I know there is an issue 'bubbling around' in one particular speciality, then I might get together with all the consultants in that group and just hear what they've got to say and talk things through (NHS trust chief executive).

The two council chief executives spent an average of one-fifth of their time meeting politicians. It would be surprising if private sector chief executives spent 20 per cent of their time meeting their board. The political contacts of the council chief executive cover the full spectrum: scheduled, issue based, group and individual, formal and informal. Council chief executives depend on the support of politicians:

I mean if you're failing or upsetting any of the chairmen, then that's the kind of group [chairman's group] it would be visible in because they would soon start saying, you know, 'Peter's not doing well, time for him to go, let's get rid of him'. This kind of thing happens. Chief executives go because the ruling group's lost confidence in them. It's unlikely that any individual would really be so influential that they would, kind of, affect your future or – the way you were perceived. It's much more of a group thing, I think, among councillors (Local government chief executive).

So, shadowing and diary analysis confirm the pivotal relationship between chief executive and council leader, and the important interaction between the chief executive and the political, decision-making authority in local councils (Morphet 1993, ch. 4; Norton 1991, pp. 33–46; Elcock 1994, pp. 83, 275). The difficulty of working in local government is that:

I have to work on the basis that our equivalent of the board of directors is habitually disunited, doesn't share many of the objectives of the professional managing staff and is incredibly inconsistent from one week to the next. That's a problem which, I think, few other managers outside local government will have, ... all public service managers will recognize it, ... the health people will recognize it to a limited degree ... (Local government chief executive).

As one chief executive comments, 'if you haven't got the confidence of members ... you can't succeed'. Interview data and shadowing support the view that power and responsibility are not clearly defined for the local government chief executive (Morphet 1993, ch. 11; Norton 1991, pp. 203–4):

Chief executives in local government have got a lot of theoretical power to take decisions. In practice, their powers often are very severely constrained, constrained by both politicians on the one hand, and on the other, the big barons of the main departments – education, social services and so on. They [chief executives] have got far more power of influence than they have of direct decisions (Local government chief executive).

Council and trust chief executives spent one-fifth and one-third respectively, with external contacts; most were within the public sector. Mintzberg (1973) and Kurke and Aldrich (1983) found half were external contacts in their studies. Public sector managers are predicted to work outside their organization; they don't. As one chief executive comments:

Networking was a thing of the 1980s. Now you haven't got the time to go out networking. My predecessor spent perhaps 60% of her time networking, which is probably why she isn't here now. I could network more but I probably wouldn't be in the job very long (Local government chief executive).

Trust chief executives have also experienced change in external relations:

People are less collaborative than they were and more competitive. There is certainly less information sharing. So, to that extent trusts are probably more isolated than hospitals with the health authorities used to be. I suppose that affects the job in that there is a lot more pressure on you personally, locally, within your trust, to sort things out yourself. There's less dependence on either a peer group or a line structured help to sort things out. It means that you have to treat people as potential competitors rather than friends some of the time which is tedious but probably necessary (NHS trust chief executive).

### III Content: what do chief executives do?

Chief executives spend most time in review sessions, with less time on strategy. 'Review' describes the majority of the meetings in which the public chief executive is involved: issue based; agendered; multi-purpose; lengthy; internal. Mintzberg found 16 per cent of chief executives' activities were review meetings (1973, p. 254). In the public sector the average figure is close to 35 per cent. 'Strategy' involves 'important organizational decisions' (Mintzberg 1973, p. 256). Mintzberg found 13 per cent of chief executives' time was spent on strategy (1973, p. 256). In this study the average was closer to 20 per cent, but the figures vary across the cases. Strategic issues tend to be cyclical.

In general the public chief executives were proactive; they spent more time informing and making requests of others than were made of them. In the councils the contacts most likely to make requests of the chief executive were councillors. Other activities account for a small proportion of the chief executives' time.

To summarize, the public sector chief executive leads a varied work life. In addition to brevity, variety and fragmentation, the demands of formal, scheduled meetings place a great deal of routine, time-consuming work on public sector chief executives which cannot be delegated. Chief executives expressed doubt that all the meetings they attended were necessary. Meetings tended to be paper and agenda driven. The demands of internal contacts meant chief executives did not work outside their organizations. But, their contacts are frequent and changing: councillors, board members, clinicians, MPs, senior managers, unhappy customers, researchers, contractors

TABLE 3 *What council chief executives do*

Purpose	(%Time)	
	Case (a) %	Case(b) %
Informing	2.2	8.9
Manager request	2	6.6
Review	32.4	32.9
Action request	6.6	7
Strategy	22.5	13.7
Informed	4.2	5.2
Scheduling	1	0.6
Query	0.4	0.3
Status request	4.5	8.5
External bd. work	6	-
Social	17.6	6.8
Personal	0.3	0.5
Unidentified	0.3	0.7
Appraisal	-	4.8
Medical	-	3.3
	(100)	(100)

TABLE 4 *What NHS trust chief executives do*

Purpose	(%Time)	
	Case (c) %	Case (d) %
Informing	11.2	8.3
Manager request	0.4	3.5
Review	46.8	27.9
Action request	0.1	2.8
Strategy	31.9	9.6
Informed	6.9	4.2
Scheduling	1.1	1.2
Personal	1	—
Unidentified	0.4	0.1
Query	—	0.1
Status request	—	8.8
External bd work	—	3.3
Social	—	6.9
Negotiation	—	14.8
Ceremony	—	8.6
	(100)	(100)

and the press. The chief executives spent little time alone and little time thinking or making strategic decisions.

## ROLES IN THE PUBLIC SECTOR

Here, the application of the roles (see figure 1) is assessed for the public sector chief executives using the data from tables 3 and 4 and supporting evidence.

### Informational roles

Mintzberg's 'informational' roles of *monitor*, *disseminator* and *spokesman* are important to the public sector chief executive. Because of the political environment, issues in the health and local government sector can erupt. The chief executive expects to be questioned on detailed issues by various groups: press, politicians, general public, MPs, members of staff and other organizations in the public sector. Various interest groups have access to the chief executive; they want information and answers to their queries. In addition, the chief executive is expected to understand specialist language and practice. For example, professionals in both organizations spoke to the chief executive about operations in design, finance, surgery, social work, education and medical research. The trust chief executive has to understand important medical issues and take part in medical discussions.

So, the public chief executive is disseminator and monitor. He is not the primary 'spokesman', but speaks on specific issues to particular groups. In one trust the chief executive was asked to speak to the local press about bed shortages for an evening edition. He responded that the hospital try and find a medic first; the public wouldn't want to hear from a 'bureaucrat'.

### Interpersonal roles

Mintzberg's 'interpersonal' roles of *figurehead*, *liaison* and *leader* did not apply to the public sector chief executives. It was difficult to associate any of the chief executives' activities with 'leader' or 'figurehead' roles. The Audit Commission (1989, see figure 1) defines these roles as 'dignitary', 'salesman' and 'figurehead'; they are not appropriate to this study. The chief executives all rejected figurehead roles when interviewed. A local authority chief executive noted that figurehead roles were played by either the mayor in a 'civic' capacity or the leader of the council as 'political' head:

The chief executive does not play the symbolic head. People ... might think [from this] that the leader is performing almost like the chief executive, but at times if the chief executive performs like the Leader he's in deep trouble! (Local government chief executive).

We're not allowed to speak at council meetings. No officer is allowed to speak at council meetings. So, I certainly wouldn't need to be a figurehead. I think that's more your kind of industrial, commercial gurus but even then I think these days they tend to be a bit 'grey men'; politicians are the figureheads (Local government chief executive).

As *liaison* the chief executive is a contact between the organization and outsiders. The public sector chief executives meet external contacts but contacts are issue based and formal. They are not 'salesmen', from the Audit Commission's roles (1989, figure 1). They do not network:

With the voluntary sector there's scope for networking and so on – religious leaders and so on. Again, [I] tend to leave that more to the politicians – they're more able to do it really; they like that kind of thing. I did when I first became chief executive. I made a deliberate effort to try and get round all the voluntary organizations. I used to go out and see them but again, it doesn't really get you anywhere because they all just come to you with their problems ... It's nice to get out and about a bit. It just limits what you can do within the organization. If you spent more time looking outward you'd get well known but ... (Local government chief executive).

The chief executives are required to be members of various statutory bodies, but some are dismissed as 'talking shops'. Chief executives involved in joint projects or partnerships with other organizations were critical:

Everything – the emphasis is on partnerships these days. That's probably slightly misplaced, really because it's a rather inefficient way of working but – you know – the police have been urged to develop partnerships with the community, we've been urged to go into partnership with business ... (Local government chief executive).

Mintzberg's *leader* role is ambiguous; it includes activities that involve

subordinates. Weick (1974, p. 117) describes 'leader' as the 'least convincing' of the managerial roles. Local government chief executives definitely did not perceive themselves as leaders because of the council leader; instead they are the 'chief bureaucrat'. In trusts and local government there is a designated figurehead for the organization that is not the chief executive; it is the leader or chair. In other public sector organizations an organizational leader role may be played by a minister. The chief executives were careful not to encroach on the territory of the 'leader':

... politicians don't like it if they've got a chief executive whose got too much of a personality and status. The press start going to the chief executive rather than to them. Now, you've got the case in one borough – the chief executive – she's always in the press ... because they're hung she kind of gets away with it but if it's ever under single party control again which I suppose it will be one day, they won't like that too much, you know, chief executives talking too much. Generally, in local government they tend not to anyway. It wouldn't particularly be my style – as I say – you would upset the politicians (Local government chief executive).

### Decisional roles

Mintzberg's decisional roles are: *entrepreneur*, *disturbance handler*, *resource allocator* and *negotiator*. Chief executives in the public sector are constrained in their decision-making ability by authority and rule. The public sector chief executives researched did not describe themselves as entrepreneurial; when shadowed they worked closely with corporate governance bodies, councillors and the trust board on important organizational issues. There are differences between NHS trusts and local government. In NHS trusts, members are trying to produce a board model based on the private sector. The model is still being developed (see Ferlie *et al.* 1995, 1996). In local government the chief executive works with, and for, a disparate group of politicians who directly influence day-to-day organizational issues and decisions:

You can divide the world inside an authority into its executive management and its political management ... But that ... definition doesn't work in real life. There is an interrelationship between the two, constantly (Local government chief executive).

[The role of a local authority chief executive] is very different from people in other bits of the public sector, like the health service, where the objective is clearer, the objective is handed down from central government, whereas here my formal accountability is to the council, to all the council, including the opposition. So there's constant tension really about what can be done and how you do it (Local government chief executive).

It's not as clear cut in practice as saying that the officer's advice is available to the whole council, the whole committee. There's a sort of civil, negotiating, trading process going on so that we get there. That can be part of the tension of local government because an officer may be under a lot of pressure to say something he doesn't want to say or conversely not to say something he feels he ought to say ... (Local government chief executive).

So, while he is less of an entrepreneur, the local government chief executive is a *negotiator* and *disturbance handler*. Trust chief executives also describe handling disputes:

Because we're high profile, then I have to spend some time, and a lot of time at points of crisis or public exposure in managing external relations, media relations. In terms of the balance between clinical and managerial priorities, a lot of what I do, in different shapes or forms, is about that, whether in formal meetings or in the less formal gatherings. Either ensuring that the organization – its management and administration – is properly sensitive to and directed at helping clinicians deliver good care and vice versa – trying to get clinicians to work in a way which isn't completely maverick and recognizes that there are organizational priorities and imperatives, and try to bring the two together. It's probably what I spend most of my time within the organization, actually doing (NHS trust chief executive).

Both health and local government are 'professional' organizations. The chief executive has to manage two sets of relationships where there is potential tension; first, between professional and bureaucrat and, second, between departments staffed by professionals (Hickson *et al.* 1986, p. 218):

... it's accepting that they [medical profession] are actually employees. I mean they've never seen themselves as employees and the responsibilities that go along with being an employee, just as I have responsibilities that go along with being the employer (NHS trust chief executive)

On the executive, each of them [departments] is headed up by a professional who is quite likely to resent the interference of a general manager, an amateur, a chief executive, into areas of his professional responsibilities (Local government chief executive).

Chief executives have to negotiate with individuals. During shadowing, a trust chief executive met a clinical consultant unhappy with his room allocation. He commented afterwards that the consultant would probably not get what he wanted because he had not followed the procedures for applying for research space in the trust; if the chief executive bent the rules for one consultant the system would break down. The chief executive was annoyed at the consultant for using the high profile nature of his research



to try and get his own way. Chief executives have to negotiate the allocation of resources in their organization.

Mintzberg uses *negotiation* to refer to 'sessions' in which chief executives met 'outsiders in attempts to reach agreements between their two organizations' (Mintzberg 1973, p. 257). This type of contact was observed during the research. In NHS Trust (d), the chief executive and representatives of the trust met their contractors for several heated discussions. Each had legal representation and there was an adjudicator present at the negotiations.

To conclude, some roles describe the public sector environment more accurately than others. In particular, chief executives were not: *figurehead*, *leader*, *entrepreneur* or *liaison*. However, *monitor*, *disseminator*, *spokesman*, *disturbance handler*, *resource allocator* and *negotiator* were appropriate. The usefulness of the role framework is assessed below.

### Discussion

Two points emerge. First, the idea of 'universal' role frameworks explaining managerial behaviour across a variety of jobs and organizations needs qualifying. While Mintzberg's model takes account of various contingencies, the political environment of health and local government create unpredictability in the chief executive's job. Crises could arise at any moment: 'We often have a diary which then gets turned on its head because of a particular crisis, and that's the inevitability of being in an organization such as this' (Local government chief executive). Another chief executive described the job as a 'change dominated role'. Variability and irregularity are reinforced. Chief executives have to 'tailor the reality of the job to the environment':

... models of the job get in the chief executive's way of doing this. Being effective is responding to a developing political environment ... you have to modify the job to fit the environment rather than taking the job as a given and the environment as given and finding that the two don't fit (Local government chief executive).

Second, the idea that role frameworks can describe and prescribe what managers do is treated with caution. Categorizing complex patterns of behaviour into a series of roles over-simplifies; managing a public sector organization is complex and unpredictable. Roles fail to capture the way managers operate; the constraints and demands placed on them. They give an unrealistic order and clarity to a series of events and processes that are more likely to be complex, overlapping and 'random'. Mintzberg generated his roles from observing and categorizing the sequential activities performed by managers. This research suggests that deriving a single, universal set of mutually exclusive, meaningful roles that conceptualize what public sector chief executives do is difficult. Hales (1986) suggests that the true picture of managerial work is distorted:

These studies, which seek to dissect managerial work, may, in the process, lose the 'living whole', in that managerial work is not the sequential execution of separate activities but is often an artful, simultaneous synthesis of interdependent activities or reconciliation of conflicting demands (Hales 1986, p. 102).

The enduring and replicated features of Mintzberg's study are not his insights into the 'brevity, variety and fragmentation' of managerial work. They are ten managerial roles. Roles relate to behaviour and they allow research to move closer to the reality of managing. They are a starting point for exploring managerial work.

## CONCLUSION

The conclusion is a reflection, and a way forward for public sector research. Managerial roles were a tool, used to interpret the work of public sector chief executives. The research sought to redress the balance of prescription and assumption which dominates public management models. Despite dramatic public sector reform, too few studies ask the basic question about managers in the 1990s that Mintzberg asked in the 1970s:

The field of management, so devoted to progress and change, has for more than half a century not seriously addressed *the* basic question: What do managers do? Without a proper answer, how can we teach management? How can we design planning or information systems for managers? How can we improve the practice of management at all? (Mintzberg 1973, p. 49).

The results of this preliminary inquiry showed that there were characteristics of the chief executive's job in the public sector that differed from traditional management models. Future studies need to combine the two elements: first, an approach which utilizes the empirical, behaviouralist findings of management studies; second, a comparative framework which locates the public sector manager firmly in the public sector context.

## NOTE

<sup>1</sup>Women chief executives do exist but are in the minority. Whilst some chief executives interviewed were women the core case studies were men. So, chief executives are identified as male. See Morphet (1993, ch. 8) on women chief executives in local government.

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## REVIEWS

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### THE TREASURY AND WHITEHALL: THE PLANNING AND CONTROL OF PUBLIC EXPENDITURE, 1976-1993

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Colin Thain and Maurice Wright  
Clarendon Press, 1995. 580 pp. £60.00

The authors have written a book which will deservedly be recognized as the authoritative exposition and analysis of the UK public expenditure control system from 1976 (the year of the IMF loan) to 1993 (the introduction of the unified Budget). Any such documentary record has to stop at some point, and the authors have been blessed with the good fortune of having a closing as well as an opening landmark event to define a coherent period. From 1993, the system would change in significant ways, as exemplified by the Treasury's Fundamental Expenditure Review (FER) and by a new interest in government accounting reform (Resource Accounting and Budgeting). Here, however, is a worthy successor to Heclo and Wildavsky's influential volume, *The Private Government of Public Money* (London, Macmillan 1974).

Publication brought to fruition a monumental endeavour whose progress had been tracked by widely circulated working papers (of which there are 25, distributed from the University of Exeter as the *Treasury and Whitehall Working Paper Series*). It demonstrates the value of systematically pursuing a long-term agenda, facilitated by a remarkable level of access to the Treasury (thus showing that it is not only American academics who can successfully penetrate the citadels of British government). The interview methodology and the process of feedback are meticulously described, and deserve careful attention from all researchers of public administration who are conducting well-resourced projects.

Because the book covers so much ground, one hesitates to criticize what is not there. Unquestionably, this is a book about the process, and for the most part is remote from the 'numbers end' of public expenditure analysis. The book tells a convincing story of how the Treasury functioned in this period. A difficulty, however, is that the criteria of what would constitute a successful system remain elusive. The authors are keen to document the failure of the Treasury to perform against its variously formulated, self-proclaimed objectives, all having public expenditure 'restraint' as the common feature. The doubt must be whether, over such a long period, one can reasonably expect consistency, and there remains the problem of disentangling the relationship between Treasury ministers and officials (an issue which is less explored than it might have been). This reviewer's judgement is that Treasury performance can only be judged in a comparative context: what happened to expenditure in relation to comparator countries, and what were the costs and benefits of the level and composition of public expenditure which emerged from the process? On the former, the United Kingdom's GGE/GDP ratio became detached downwards during the period from the EU average, a development which does seem to have accorded with the preferences of Treasury ministers.

As a document of record, this book can either be read through for its value as a well-structured, comprehensive account or, alternatively, dipped into for particular topics. What constitute the highlights of such a book naturally depends in part upon the interests of a particular reader. Nevertheless, especially worthy of mention is the interpretative chapter on 'negotiated discretion' as the basis of continued working between the Treasury and spending departments. The Treasury's expenditure controllers (i.e. officials who shadow departments) emerge decisively as the heroes of the story, prompting the reflection that much of the Treas-

sury's effectiveness seems to have depended on its officials' command of detail which the post-FER 'strategic approach' may put at risk. On the technical side, 'Part IV. Control and Flexibility', particularly the discussions of in-year control and of the use of the Reserve, is illuminating.

One great value of this book is that it distils so much disparate material. The sheer volume of primary material, some of which becomes less obtainable as time elapses, can overwhelm even the seasoned specialist as well as erecting access barriers to politicians, media, public and other researchers. This book analyses an expenditure control system which is Executive-dominated, and where Parliament and the National Audit Office unquestionably feature as outsiders, not insiders. This hegemony might in future face some challenge if there were constitutional reform (e.g. proportional representation) and if financial legislation in the 1997 Parliament were to extend beyond those technical changes required to authorize accruals-based Supply.

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## THE BRITISH CONSERVATIVE GOVERNMENT AND THE EUROPEAN EXCHANGE RATE MECHANISM 1979-1994

Helen Thompson

Pinter/Cassell Academic, 1996. 242 pp. £45

This book is a good example of what Dunleavy has called the 'surveillance' aspect of the study of politics. The author convincingly concludes that the British Conservative government's policy from 1979 to 1994 was a story of 'mishaps, mistakes and misjudgements'. This is not to make a partisan comment but to reflect the evidence documented. One suspects that few readers will recollect just how convoluted, contested and inconstant policy has been (Was it just me that forgot the pound at \$1.03 in 1985?). A sign of the turmoil is that the Black Wednesday drama is a much briefer part of the book than one might anticipate. It was part of the pattern.

The book is a valuable source on prime ministerial power – showing the authority of the PM to control policy – by determining participation in key meetings and by sheer 'clout'. The practice of prime ministerial 'seminars', and *ad hoc* meetings, runs through the story. Mrs Thatcher concluded a meeting in November 1985, 'On the contrary, I disagree. If you join the EMS, you will have to do so without me'. Similarly, in 1989 she tells her Chancellor, 'I do not want you to raise the subject ever again. I must prevail'. It seems likely that in the mid-1980s Mrs Thatcher kept the UK out of the ERM against the wishes of a cabinet majority (p. 63). There is a striking series of quotations (p. 62) in which respondents are agreed that in 1985 Mrs Thatcher saw as the key issue that the ERM infringed sovereignty, and this she would not (then) tolerate. But of course the developing story records how even a tough PM can be pushed by circumstances.

The book is presented in terms of two and a half personalities – Thatcher, Lawson and Howe. The author is particularly critical of Howe. She seems frustrated by his capacity for opaqueness. This presentation of history as the interaction of Great Men (with Mrs Thatcher granted honorary status) certainly works, but one senses that Dr Thompson has more scepticism about this approach than the reviewer. She sets her goal as 'more than (to) tell a story'. She flirts with rational choice, new institutionalism and neo-Marxism but dismisses them. She introduces pluralism but abruptly finds it wanting. Lacking a theory she settles for a jargon in which 'ministers' capital accumulation priorities' is central.

It is far from plain what added value this terminology contributes when compared with

'Ministers seek national economic success' Dr Thompson discusses how ministers can intervene in the process of accumulation by facilitating growth in areas where their political support is concentrated. This is logically impeccable, but in practice the opposite frequently occurs. So the less rewarding aspects are theoretical – for example 'It is the ministers own attitude towards accumulation which is likely to determine the impact of capital interests on policy outcomes.' Through her narrative one senses that what is driving participants is not so much an intellectual analysis of where they should be, but a very basic dislike of where they are. It was the unattractiveness of being in the metaphorical frying pan that made ERM seem a good idea. In the world of successive crises, a policy prescription can be fashionable without much evidence in its favour or relating very closely to underlying beliefs. The main thing is that it might take away the pain. Lawson is indeed reported as swinging in favour of the ERM as a reaction to other policy failures.

One is struck by the fickleness in conventional wisdoms; for example, the book notes that in 1989 Conservative backbenchers favoured ERM. Both political parties seem to have found their policies at different times simply by being against the incumbent government. Thus in 1978 Mrs Thatcher was condemning Prime Minister Callaghan for standing outside the EC mainstream.

In her conclusion Dr Thompson notes that 'no one could accuse the British government of dullness on this matter' and in doing justice to this material the book is gripping. However, the author seems to find conflict as inherently undesirable. Stockman's book on American economic policy under Reagan was of course called *The Triumph of Politics*. It too found a process of wilful individuals and wishful thinking. Perhaps the political process can only be the untidy stumbling by fallible politicians. The triumph of politics is at the cost of rational economic policy.

Grant Jordan  
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## THE CITIZEN'S CHARTER

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**J.A. Chandler (ed.)**  
Dartmouth, 1996. 165 pp. £39.00

## BEYOND THE CITIZEN'S CHARTER: NEW DIRECTIONS FOR SOCIAL RIGHTS

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**Ian Bynoe**  
Institute for Public Policy Research, 1996. 144 pp. £9.95

These two books are quite similar in their diagnoses. Both examine the origins and consequences of the 1991 White Paper on the Citizen's Charter, particular charters dealing with, for example, health, education, housing, the railways and local government, and further charters for specific services within broad areas (for example, under the Patient's Charter, charters for primary care, maternity and children's services and for mental health). Both explore the ambiguities of language, begged questions and other factors which cause the charters to promise more than they are capable of delivering. Some of the essays in the Chandler volume draw upon what is wrong with charters to suggest directions for improvement, while Bynoe's purpose, as his title suggests, is to look systematically to a possible future.

Both books acknowledge that there may be something to be said for the philosophy and intentions of the charters. They are an innovation which should not be underestimated (J.A.

Chandler, chapter 1, quoting Norman Lewis) and touch upon issues 'that politicians ignore at their peril' (Ian Bynoe). On the other hand, they are also seen as 'peripheral' (Chandler) or a source of cynicism (even where, unusually, they include the possibility of financial compensation; Peter Curwen on British Rail in Chandler). Despite their grandiloquent language, the charters effectively reduce citizens to consumers (both books) and, even so, obscure the fact that, in the world of private production, the 'kingship' of the customer often is a mere 'legitimizing myth' (Chandler, chapter 4). At best, they modestly improve standards of provision and information or are incomplete rather than wholly misconceived and could be built upon (for example, Chandler chapter 4, Michael Hunt in Chandler, Bynoe); at worst, they are illusory and intended to undermine citizenship while appearing not to (John Kingdom in Chandler).

Both books point out that John Major's 'big idea' was not innovative – from two contrasting points of view. On the one hand, there was a 'left' critique of bureaucracy as well as a 'new right' one. At least two Labour local authorities had already introduced charters, performance indicators and forms of consultation to bring about greater awareness of rights and genuine improvements in standards and the providers' accountability for them (Bynoe). Here, activities, apparently similar to those required under charters, were, indeed, promoting citizenship. On the other hand, the charters that followed the White Paper can be seen as no more than an emollient continuation of policies established by John Major's predecessor to reduce the scope of government through privatization and an emphasis on individual choice and consumption – especially in health (Ann Wall in Chandler), education (Leach in Chandler) and housing (Jacobs in Chandler). From this point of view (Barnett and Harrison in Chandler), what local councils were already doing – and doing well according to the National Consumer Council – was quite compatible with the view that citizens are tax- and rate-payers, i.e. purchasers of services, not participants in strategic decisions about the principles and methods of service provision.

Both books show that charters were adopted by many departments, executive agencies, non-departmental public bodies and some privatized utility companies. Their details of implementation are as varied as the diversity of the bodies that adopted charters but the main focus in all cases has been on what the individual consumer may expect in the way of standards of quality and efficiency, i.e. the dominance of the idea of the consumer over that of the citizen. Even with this limited ambition, the impact of charters has been disappointing – an outcome that was intended in the eyes of the most cynical of observers or, to the more charitable, inevitable given the absence of extra resources (all writers), the limitations of performance measurements (Wall in Chandler, Bynoe), and the casual use of terms (all writers).

Kingdom (in Chandler) and Bynoe both draw attention to the long-standing constitutional resonance of the word 'charter' and the paucity of what it covers in the current context. As Hunt says, charters are hardly a mark of transfer of power to the people. Even William Waldegrave, in charge of the Citizen's Charter Unit, was forced to admit that the term was not really appropriate because the charters were about consumers, services and performance not constitutional reform (Bynoe). Hunt (in Chandler) shows how little thought is actually given to the alleged ambition to give people 'more say' or to how they might realize their 'right to be informed'. Most writers in these two books provide intelligent discussion of the differences between consumers, customers and citizens and about the lack of understanding in the charters of what is meant by 'standards' and 'quality' and who defines them. A particularly perceptive – and extensive – analysis is provided by Howard Elcock (in Chandler). He shows how the charters and public discussion of them elide the terms 'citizen', 'customer', 'client', and 'consumer', thereby obscuring differences in their corresponding rights and differences in the relationships between people and manufacturers and people and the state. He distinguishes between strengthening the participative role of the citizen in influencing policy and management and increasing the protective rights, privileges and immunities of the customer, the implications of the former being greater than the latter but unaddressed in the White Paper or individual charters.

Despite the direness of the criticisms of John Major's 'big idea', many of Chandler's contributors suggest that there may be something that can and ought to be salvaged. Even from the



managerialist point of view, there is scope for improvement; Morris and Haigh (in Chandler) suggest that the Conservative understanding of charters and Total Quality Management come from the same stable and, while both lack a forward looking perspective, TQM methods can be used to rectify this. From the citizen-oriented point of view, several contributors suggest that there are ways both of making personal redress more practicable and of shifting the emphasis from individual satisfaction or dissatisfaction at the point of delivery to participation at the source of the collective business of providing services. Hunt, for example, draws attention to the difficulties that need to be addressed in enabling and educating citizens to make use of information. Kingdom argues that the charters can never buttress citizenship until they incorporate a trustworthy notion of professionalism and a public service ethic put to the service of social rights. The significance of Bynoe's book is that he systematically elaborates a set of six principles that would do what Hunt and Kingdom ask for and a programme of policy proposals to turn the principles into practice. Interestingly, he also refers to the need to construct a programme of action in such a way that would at once protect rights of redress and avoid creating a culture of litigation and confrontation between people and the state.

Both books were written and published before the General Election, when there was little prospect for the proposed reforms. Even so, Elcock's observation that, 'If the Citizen's Charter . . . encourages clients to behave more like citizens . . . so much the better', was not necessarily a vain hope. Several respondents in recent research on women and citizenship in Northern Ireland said that, though charters and public consultations were cynical exercises, they had used them as pretexts with which to initiate their own first steps in community activism. Since the election, we have been promised freedom of information legislation in a future parliamentary session and there are signs of a new public philosophy about the relationship between the people and the state that would be conducive to Bynoe's programme. On the other hand, there is a different message in the recent capping of Oxford City Council's budget (by the very Party which had opposed the previous government's decision to do likewise), despite seemingly clear evidence that the people of that city wanted the services it was designed to fund and were prepared to pay for it. If charters are to be about citizens not consumers, we may have to do more than 'wait and see'.

Elizabeth Meehan

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## THE FIXERS: CRISIS MANAGEMENT IN BRITISH POLITICS

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T.A. Smith and A.M.M. Young

Dartmouth, 1996. 201 pp. £39.50

This book is less about crisis management than about fixers, and the changing nature of the various 'irregulars' who have stepped into Whitehall – or stalked in the penumbra that surrounds it – since the war.

It is an unusual and promising theme for a specialist text, not merely because likeable and dislikeable characters abound, but because it provides the opportunity to bring together some short biographies of important fixers, and to compare these over time. Comparative qualitative research of this kind is rather rare in the UK, and should be fruitful in developing important concepts about the informal state, and pictures of the skills and personnel that exist in the interstices of policy networks.

The book examines the careers and works of Oliver Franks, Edwin and Bridget Plowden, and Arnold Goodman, whom it classifies as 'official fixers', and Michael Young, whom it sees as an 'unofficial fixer'. 'New style fixers' include Derek Rayner, Roy Griffiths, and the management consultants and lobbyists. Each chapter contains a brief personal biography of the individuals, and an account of their main policy involvements.

The book argues that 'fixing' arises from imperfect constitutional arrangements and 'overload', as much as from the inevitable intractability and crisis-ridden nature of politics. It shows how 'fixers' are both the beneficiaries of the 'unravelling and dishevelled system of government', and can become the progenitors of yet more unravelling and dishevelment. The shift by government from using the old style 'great and good', such as Plowden to the new style 'managerialist' fixer is explained conventionally enough, by the impact of Thatcherism, and the 'new public management'.

The book is undoubtedly a useful source for those who (like me) lack familiarity with administrative biography through having fallen asleep with heavier tomes of individual biography on their laps, and who wish to quickly rehearse who Franks was, and what he did, or to weigh the possible contribution of temperament and upbringing on important episodes of reform (a particularly important factor in the third Thatcher term, when power to redesign the state was so concentrated in so few hands). For this, the thumbnail sketches of Rayner and Griffiths are useful.

However, it suffers the weaknesses of all such qualitative comparisons – a difficulty in selecting cases (why no Ibbs?), a tendency to superficial treatment to enable the inclusion of a number of cases, and a consequent difficulty in drawing out important conclusions.

There is also a difficulty in that the biographical approach is not pursued wholeheartedly, with the final chapters dwelling on structural changes, rather than individual histories. The rise of consultancy and lobbying is usefully described, and there is a striking shift from the breadth (indeed almost insane diversity) of Arnold Goodman's role to the grimly focused utilitarianism of the managerialists, but these contrasts are perhaps not as fully explored as they could have been in the book's conclusions.

Indeed, without an explicit focus on research questions about 'irregulars', it is easy for the narrative to lose its intellectual focus, though nonetheless remain readable, and thought provoking. In part this flows from the opening definition of 'irregulars' as 'a group who are called in to effect compromises, make adjustments and facilitate accommodations between different sets of political actors, including sometimes the public' (p. 5). This seems unreasonably broad, and sucks in so many disparate types as to defy generalizations.

However, comparative biography has real strengths as well as weaknesses – and these are particularly to provoke new concepts, new ideas, and new ways of examining institutional history. This book should certainly stimulate some debate about the different roles of 'fixers' within policy 'networks', as clearly, the advice functions described here differ significantly, and the distinction between unofficial, and official fixers may not be the most important one.

If I were invited to draw a conclusion from the book, it would be that in the main, fixers only fixed what they were allowed to fix, and many of them did it in a rather ramshackle way. More than this, the image of the fixer as somehow unattached to – or compensating for the failings of – institutions may be erroneous. Most of these people got where they were because they worked closely, at some early point in their career, with people who were already powerful, in well-established settings – élite universities, key think tanks, city firms, or at the top of large corporations.

The book however provides a wealth of evidence, and some surprising entertainment, from which other readers may well draw different conclusions.

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## THE STATE AND THE NATIONS. THE POLITICS OF DEVOLUTION

Stephen Tindale (ed.)

Institute for Public Policy Research, 1996. 221 pp. £11.95

This is a collection of papers examining options for devolution to the nations and regions of Britain – Northern Ireland is not covered. There are chapters on regional government in the European Union (John Hopkins), constitutional reform in the UK (James Cornford), options for the English regions and London (Stephen Tindale), Wales (Gerald Holtham and Elizabeth Barrett), Scotland (James McCormick and Wendy Alexander), financing a Scottish Parliament (David Heald and Neal Geaughan), and regional government and economic development (Phil Murphy and Richard Caborn). The overall conclusion of the collection is that devolution is desirable but should be approached with caution. On England, the recommendations follow the Labour Party's line that indirectly elected councils could be established, including local authority representatives, MPs and MEPs, with planning and supervisory functions. If regional politicians want to proceed to a directly elected executive regional authority, there should be a referendum. For London, a strategic authority should be established, with executive powers over transport; a referendum would help entrench this against any repeat of the Thatcher government's abolition of the GLC. Scotland is treated as a quite separate issue and the recommendation there is for a legislative assembly, with general competence over all matters not explicitly reserved for Westminster. This goes beyond the proposals both of the Labour Party and the Scottish Constitutional Convention, which proposed to specify only the devolved powers. It is recommended that devolution should result in a reduction of Scottish representation at Westminster from 72 to around 60 MPs. The Scottish Parliament would have power to alter income tax rates, as proposed by the Labour Party and the Convention, and other revenues could be assigned to provide a greater sense of security. A Territorial Exchequer Board (as proposed in the 1970s) would govern fiscal transfers between the centre and the Scottish and other devolved assemblies. For Wales, the report recommends a directly elected executive assembly. Any move to legislative powers would require a referendum. There is a general preference in the recommendations for proportional representation for elections to devolved assemblies, though some disagreement on the best system.

This represents a fair summary of the debate on devolution in Britain but does not add a great deal new. Questions such as representation at the centre, or indeed the constitution of the central state in a devolved system, are raised but not followed through. There is a caution about many of the proposals which reflects New Labour's preoccupation with not upsetting any section of the electorate or interest. Heald and Geaughan urge that the Labour Party should face the taxation issue in Scotland head-on, but until Labour nationally summons up the courage to address the issue, a continued ambivalence seems more likely, despite the ammunition which this provides to the Conservatives. The contributions from London-based authors are distinctly more sceptical and cautious than those from the nations and regions. Tindale's chapter effectively kills the project of English regionalism by a thousand cuts; Murphy and Caborn's breathes enthusiasm and optimism.

This is a piece of policy analysis rather than an academic treatise, but it could still have done with deeper study and reading into the subject. The experience of European countries is sometimes misinterpreted and foreign terms are frequently misspelt. None of the authors really seems to understand the German system of finance and use the fact that the Lander do not raise much of their own taxes as an argument against tax-raising powers for devolved governments in Britain. Yet in Germany the revenue-sharing agreement is negotiated with the Lander and must be approved by the Bundesrat, which represents the Lander governments. This gives the Lander collectively more control over taxation and spending than any other subnational governments in Europe and its adoption in Britain, with its implications for Treasury dominance, would represent a far more radical step than conceding independent tax powers to regional governments. Nor is it true that the West Lothian Question has not featured

In Spanish debate. In a modified form, it is a staple of the open editorial and correspondence columns of *El País*. The anti-catalanism of the right wing Madrid press would put the *Sun* to shame.

This is a useful contribution to debate but shows how much more work needs to be done. There is a broad consensus on constitutional change in Scotland, but in the English regions the debate has hardly begun. The question of the United Kingdom, between Europe and its constituent parts, has yet to reach the agenda.

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## THE POLITICS OF EMPOWERMENT?

**Peter McLaverty**

Dartmouth Publishing Company, 1996. 191 pp. £39.50

In the 1980s an aim of new urban left councils was to increase the involvement of service users and providers in local public service provision and development. Peter McLaverty explores the progress made in this area. His investigation is timely with the recent drive by central government to involve service users in planning and delivery of public services, *The Politics of Empowerment?* describing a forerunner to these attempts. This text will be of interest to anyone wanting a greater understanding of recent developments as well as the new urban left and local government in the last decade.

Following an introduction that presents issues for exploration and sets out the remit of the text, chapter two looks at the different sources of the new urban left. The different sources had varying impacts in different councils. 'It was probable that, in new urban left councils where feminism and "alternative politics" had a major impact, the policy and political emphasis would be different, in important respects, from that in other new urban left councils where the Labour group's links with trade unions and the traditional Labour movement were very strong'.

Chapter three examines the nature and development of the new urban left. Using existing research, McLaverty puts together twelve policy and political commitments and practices that constitute an ideal-type of the new urban left. The rest of the chapter is spent detailing the features of this model, that is prefigurative politics, user and community politics, decentralization, improving relations with the local Labour Party, new industrial relations, disadvantaged and oppressed groups, economic and industrial regeneration, improving council services and political mobilization, and rate capping.

The text considers the progress made by new urban left councils in the area of industrial relations. The background is provided in chapter four which looks at the relationship between trade unions and socialism. It provides insights into the nature of trade unionism and speculations about left Labour councils and the council trade unions which are then tested in the case studies.

The research sites are Sheffield City Council and Doncaster Borough Council. The findings are set out in chapters five, six and seven and include interesting comparisons of the views of councillors, senior officers and trade union representatives. Chapter eight takes a closer look at Sheffield's experiences as the more radical of the two councils. Particular attention is paid to the development of socialist management and industrial democracy.

In the conclusion McLaverty argues that Sheffield City Council was unsuccessful in creating a socialist industrial relations and management practice. Also little progress was made in consulting service providers and users. The reasons are 'the failure of the Sheffield City Council Labour Group to work out clearly what a socialist management and industrial relations

practice would be like, and structural constraints' These constraints include relations between senior officials and councillors, trade union practice, and the refusal by political representatives to share power

The closing discussion mentions, albeit briefly, some significant issues about empowerment. One such issue concerns the possible conflict between empowerment of providers and service users Another is the potential conflict between political accountability and consumer accountability.

The text has three significant weaknesses Firstly, the introduction outlines a number of research questions which if the author had stuck to would have led to a clearer argument. Given the title of the book I presume that the central issue is the degree of progress made in the area of user and provider involvement. However, this issue is not promoted as such by the text. To further confuse the reader, in the conclusion the author seems to introduce another central question concerning the successful creation or otherwise of a socialist industrial relations and management practice. This issue is not set out as a core area in the introduction.

Secondly, key terms are not defined; for example, 'empowerment'. A number of questions are therefore left unanswered McLaverty mentions users and provider having more influence over the workings of the council. In what way is such influence to be exercised? Is their involvement confined to policy development or do they have some degree of financial control? Also the term 'providers' is not discussed. Councillors and senior council officers are mentioned in the brief description of the methodology. Is there a reason why the obvious group of front line delivery staff have not been included in the research?

Thirdly, the author does not identify whom he means by services users or include users in the research. McLaverty may be justified in arguing that progress in this area was limited but the argument would be more credible if he had actually spoken to users of the services.

Rachel Bayliss

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## **PUBLIC MANAGEMENT: THE NEW ZEALAND MODEL**

**Jonathan Boston, John Martin, June Pallot, Pat Walsh**

Oxford University Press, 1996. Price not known

## **THE SPIRIT OF REFORM: MANAGING THE NEW ZEALAND STATE SECTOR IN A TIME OF CHANGE – A REPORT PREPARED FOR THE STATE SERVICES COMMISSION AND THE TREASURY, NEW ZEALAND**

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**Allen Schick**

State Services Commission, Wellington, New Zealand, 1996. Price not known

These two publications are the first substantial attempts to analyse comprehensively the New Zealand reforms of government management in the period 1984–95 and to assess their usefulness.

The first is a study by four staff members of Victoria University in Wellington which is an update of the book they edited in 1991 *Reshaping the State: New Zealand's bureaucratic revolution*, but includes much new material and is both more comprehensive and reflective than the earlier material and is both more comprehensive and reflective than the earlier volume. While it deals most fully with the reforms of the central government, it includes chapters on regional

and local government, crown entities (quangos), education, health and welfare, the Audit Office, and administrative redress, as well as devoting sections to human resource management and equal opportunities, ethos and ethics in the public services, and the ways in which the needs of Maori and Pacific island people are addressed in a culturally diverse society. It also has a valuable account of the ideas and theories underpinning the reform process and the resulting model. The authors are cautious about an evaluation of the reforms. They do not make any recommendations except for further research. This characteristic academic reflex is well founded since they point out that there is a dearth of empirical data and evidence on which to base an evaluation, and that the studies which have been carried out rely heavily on the opinions of senior managers and key players in the reform process. Their book fulfils its aim of being an up-to-date and authoritative account of the New Zealand model as it appeared in 1995. As such it is very useful to British students of the parallel reform process in Britain, as an account of a thorough-going and consistent model of public sector reform in a country with a comparable unitary and parliamentary system of government.

The second publication is a report commissioned by the New Zealand State Services Commission and the Treasury as an independent review of the reforms in central government. It was carried out by Professor Allen Schick of the University of Maryland whose special expertise is on government budgeting in the USA. His analysis is that of an experienced outsider brought in to review the new systems after ten years of reform. Prof. Schick's analysis is based on two visits to New Zealand made in 1995 when he interviewed over a hundred chief executives and senior managers of government departments, and several ministers and Members of Parliament, as well as studying the relevant documents and reports. He concentrates on central government departments and crown entities, but, since he made only two field visits in the Auckland area, excludes local service delivery offices and local government as well as state sector enterprises. It is therefore a review of the insiders' views of the framework and systems that they have set up and operate and has the limitations to which the other book draws our attention.

Prof. Schick's major conclusions are very favourable. He finds 'the reforms have lived up to most of the lofty expectations held for them' and 'the state sector is more efficient, productive and responsive and there generally has been an improvement in the quality of services provided.' However, having commended the reforms enthusiastically, he then proceeds to identify some of the problems which have emerged, and his work becomes more interesting since the difficulties are often the down side of the changes which have been brought about. Four broad areas are examined – government's organizational capacity, its strategic capacity, budgeting systems and accountability – and recommendations for changes are made. To take a few examples, he examines the need to enhance the departments' ability to strengthen their organizations, which may lose out in the face of pressure to make the 'purchaser' role more efficient. He recommends that the 'ownership' role allocated to separate ministers in New Zealand needs to be enhanced. The government should consider the role of some of the smaller departments, devolving this work either to crown entities or to semi-autonomous agencies comparable to the British 'Next Steps' agencies. He wants to see more strategic planning at the level of the departments and over government as a whole. He commends the Fiscal Responsibility Act of 1994 which sets strategic targets and fiscal guidelines for a medium term view, and wants to see multi-year resource allocation. He points to the continuing problems of assessing 'outcomes' and suggests that they should not be calculated as measures of the impact of 'outputs' because there is no inherent causal link, but rather seen as indicators of progress in achieving public objectives. He points to the problem of high transaction costs in accountability procedures and recommends a greater reliance on trends and comparative data for evaluating performance. He suggests that contractual arrangements should be augmented by 'the old fashioned tenets of managerial responsibility' and that the collective interests of government should be actively furthered.

This report is one of the first to emerge which identifies some of the difficulties in practice as well as the strengths of the new public management model. Some of his recommendations look to draw on earlier practices of government which have hitherto been consigned to limbo

in the brave new world of reform. While limited in scope and method, it therefore makes a valuable contribution. Both this report and the Victoria University team's analysis contribute greatly to our continuing assessment of the reforms, and are relevant to our analysis in Britain.

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## THE CABINET AND POLITICAL POWER IN NEW ZEALAND

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**Elizabeth McLeay**  
Oxford University Press, 1996. 256 pp. £19.99

Generally, McLeay's book is a very useful text. It provides a thorough overview of the New Zealand cabinet system and where power lies (or is supposed to lie) within that system. An informative historical overview of how the New Zealand cabinet system has evolved is also presented. However this overview is to some extent dependent upon the reader having some knowledge of New Zealand and its history. For students of politics and public administration who are studying in New Zealand, this is no problem. The same cannot be said for those studying elsewhere. Yet this in itself does not detract in any way from a very good text.

If there is a flaw in this text then it is linked to the electoral reform that has occurred in New Zealand. There is considerable hype within the early parts of the text about the consequences of the introduction of the Mixed Member-Proportional (MMP) electoral system. Linked to this is some second guessing as to how the cabinet system may change as a consequence of minority and coalition governments. While very interesting, I feel that the probable changes in the New Zealand cabinet system as a consequence of electoral reform should be addressed in a second edition. Ideally, such an edition should wait until after the next New Zealand general election to allow comparisons over a full term of office. I would look forward very much to reading that sequel.

What sets McLeay's text apart from many others is the excellent use of interviews. She interviewed a number of government ministers in both the 1970s and the 1990s. This provided a rich source of information as to how the politicians/ministers viewed where power lay in the cabinet system, as opposed to academic intuition. The areas where these interviews contributed significantly to the text were: decision making and the role of ministers; consultation between ministers and the public, interest groups, etc., and, on the issue of accountability and ministerial responsibility. The various interviews provide a number of perspectives on each of these areas. Comparisons can be made quite easily with experiences in Britain. Noting that New Zealand's political system is based upon the Westminster model, it is interesting to see how few ministerial resignations there have been over the years, regardless of the indiscretions of ministers.

An interesting feature of the New Zealand cabinet system which crops up regularly through the text is the existence of a Cabinet Office manual. This amazing document outlines where power may lie in the New Zealand cabinet system. It prescribes what decisions Cabinets may take, the role of cabinet committees, interpretations of ministerial responsibility (but nothing about resignation), and a whole host of other features. In other words, it sets out the parameters of cabinet power.

Another feature of the text is how the New Zealand public sector has changed and shrunk during the 1980s. The effects that this has had upon the Cabinet and the role of ministers is clearly developed by McLeay. In many respects, although the public sector has shrunk, it appears that in New Zealand there has been a growth in government.

For people interested in either New Zealand public administration or comparative public administration, this text is an essential. The way in which the power structures of the New

Zealand cabinet system have evolved is clearly outlined. Noting that the New Zealand political system is Westminster-based, a number of useful comparisons with Britain and other Westminster-based systems can be made.

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## GOVERNANCE IN TRANSITION: PUBLIC MANAGEMENT REFORMS IN OECD COUNTRIES

**Organisation for Economic Cooperation and Development**  
 OECD, 1995. 171 pp. Price not known

One poem of Elizabeth Jennings speaks of the purpose of the abstract artist as to show 'the meanings without the things'. Things are certainly a little elusive in this text, which was produced by the Public Management Committee of the OECD and is a generalized account of the public management reforms in the 25 OECD countries since 1980.

These countries are rather heterogeneous. They include all the 15 European Union countries and some other European states (Switzerland, Norway, Iceland) plus Canada and the USA, then Australia and New Zealand, Turkey, Japan and, the latest member, Mexico. It is worth listing the data-base since it shapes the findings.

Undoubtedly the report's 13 chapters provide a comprehensive summation of the lexicon of reform. Devolving authority, ensuring performance, developing competition, providing responsive service, improving the management of human resources, optimizing information technology; these terms could easily be taken direct from the sub-headings of, say, the British government's 1994 White Paper on *Continuity and Change* (Cm 2627). Instead they are the titles of chapters 4, 5, 6, 7, 8 and 9 of this report. Let me quote one sentence from the Executive Summary (p. 15): 'Two vital elements of public service reform strategies stand out: a closer focus on results in terms of efficiency, effectiveness and quality of service, and replacement of highly centralised hierarchical structures with decentralised management environments.'

Few readers of this journal will find these arguments surprising. The text provides, however, small boxes of direct quotation from governments that are sometimes thought-provoking – details of the 1992 Belgian Government's Public Service Users charter, for example. Of these thoughts for the day, 25 or so, 5 come from Australian sources, 4 from the UK, 3 from New Zealand and 3 from the USA. The English-speaking bias, or leadership, depending on standpoint, is striking. The report does not, of course, come to any judgements of the value of these reforms. It is possibly the case that the 'paradigm shift' that it describes has advantages, it concludes, but also that there are potential drawbacks. Advocates or sceptics will find some evidence here; they will not find clear conclusions. Except that the tide of management reform has swept wider and wider.

But on the other hand it is clear that many OECD states have not bought-in to the agenda. There is a rather large silence from Germany and the references to France mainly speak of policy evaluation. From a European Community perspective it is the UK, with some of the Nordic countries, that are on their own. The traditions of continental bureaucracy have withstood this *defi anglo-saxon*. Since, as always, the core of this report is in the Annexes, it is worth spending some time considering them. Annex 2 (p. 147) is a table outlining the devolution of management to government agencies in the 25 states. On the six heads considered (devolution of salary costs, of numbers, of grades, of recruitment, of pay levels and of policy), Australia, New Zealand, Sweden, Denmark, Finland and the UK appear to have achieved all six by 1994. Of the other European Union states Greece and Luxembourg had achieved none, Belgium, Germany, Italy, Portugal and Spain one, and France two (partially). Netherlands stands at five and Ireland and Austria at four.



Undoubtedly, we have here a tale of two cities. One. English-speaking or English-capable (Netherlands, Sweden ...) where the 1980s have been the well-documented story of change. Another. Francophone or continental European (Italy, Luxembourg, Switzerland, Greece) where the messages spreading from Washington or Wellington or Horse Guards Road have not hit. It is difficult for this, admittedly British-civil-service reviewer to resist a sense nonetheless that the 1980s reforms remain ineluctable, and that they will carry

This is a serious and balanced report. There are perhaps too many objectives cited and not enough testing of their real achievement; a touch too much of the white paper and the defensible generalization. A British reader falls with hunger upon the occasional concrete fact. There are no people in this text, no Peter Kemps. The messy reality of the reform process is not very well conveyed, nor the real pains and pleasures. But the bibliography, glossary, chronological table of reforms and the width of reference are all useful. If you want a summary compendium of the 1980s reforms across a wide range of countries this report provides it. But in the end there was not enough for me to bite on, not *quite* enough meanings to make up for the lack of things.

*(The reviewer writes in a personal capacity and nothing stated above should be taken to represent the views of the Civil Service College)*

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## THE STATE OF PUBLIC MANAGEMENT

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**Donald Kettl and Brinton Milward (eds.)**

Johns Hopkins University Press, 1996. 324 pp. Price not known

The papers in this edited collection attempt to map the intellectual territory of public management in the USA. This is a field with a strong normative orientation. Previous generations of scholars have sought to explain the pattern of public service provision or, more rarely, to evaluate service impact. However, a major concern of public management researchers is to make recommendations for better performance. The editors argue that 'for most students of public management, theory is a device for producing sound advice for practitioners' (p. 9). However, there is a danger that academics who provide advice which lacks a firm theoretical basis are no different from management consultants (except, of course, in the size of their salaries and the sharpness of their suits). This book therefore seeks to review and reinforce the academic bases of public management. According to the editors, the book demonstrates that public management 'is undoubtedly coming of age. It has more self-awareness and self-assurance. It acknowledges its roots in a host of disciplines but ... has jelled into something larger' (p. vii).

In the first main chapter, B. Guy Peters sketches four alternatives to the traditional model of direct service provision by public bureaucracies. These are the market model, the participatory state, flexible government, and deregulating government. The distinctions between these models are fuzzy in places, so their relevance to public management is not always clear. This chapter is followed by the first main section of the book, which contains four essays on the 'disciplinary foundations' of public management – political science, sociology, economics and psychology. Oddly, there is no chapter on organizational behaviour, the discipline which underpins much of the research published in management journals. The strongest of the 'disciplinary' chapters is on the contribution of economics to public management. David Weimer and Adrian Vining apply economic models to problems of organizational design and executive functions. They explore five strands of economic thinking, market failure, principal-agent theory, transaction costs, social choice and game theory. Readers seeking an overview of this terrain would do well to start here (the chapter also contains a useful reference list).

The second main section of the book consists of five chapters on 'organizational networks in theory and practice'. This is an idiosyncratic emphasis for a book which seeks to provide an overview of public management. The rationale is that public services in the USA are now delivered through networks rather than hierarchies. However, some chapters on 'management through hierarchy' (or indeed management in and through markets) might usefully have been included. A further problem with this part of the book is that there is little reference back to the 'disciplinary' chapters. If the provision of services through networks is *the* contemporary public management problem, then what insights are offered by political science, economics, sociology and psychology?

The final chapter is entitled 'what is public management?' Here, perhaps, is an important clue to the shortcomings of the book. First, this question should have been raised at the beginning; secondly, the discussion is brief (the whole 'chapter' is only four and a half pages long); and, most importantly, the question is not answered! Rather, elements of a definition of public management are scattered throughout the book. The editors argue (p. vii) that public management is not policy analysis, but only a few pages later state that 'of all the ideas competing to define public management, perhaps none is more important than speaking truth to power' (p. 9). This sounds exactly like policy analysis, not least because 'speaking truth to power' is the title of the final part of Aaron Wildavsky's *Art and Craft of Policy Analysis*. Elsewhere in the book it is claimed that, in contrast to traditional public administration, public management is concerned with performance rather than structures and processes (p. 4), managers rather than organizations (p. 5), and especially 'top' managers (p. 53).

If these fragments are pieced together, it seems that the distinctive focus of public management research in the USA is the impact of the behaviour of senior managers on the performance of public agencies. A review of theories and evidence on this issue would provide the basis for an interesting book. Indeed, solid evidence that 'managers make a difference' could give the whole field of public management the academic security and practical relevance which it seeks. The contents of this book, by contrast, give little support to the editors' claim that public management has 'jelled into something larger' than its constituent disciplines.

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## **PUBLIC MANAGEMENT AS ART, SCIENCE AND PROFESSION**

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Laurence E. Lynn  
Chatham House Publishers, Inc. Chatham, New Jersey, 1996. 208 pp.  
\$19.95

This book consists mainly of a review of works in the field of 'public management', which Lynn says is a domain within both public policy and public administration. The literature is almost all produced within or about the United States of America, based on the claim that 'Unique among the world's democracies, American [*sic*] government is accountable to the freely expressed will of the people: popular sovereignty is more than myth, elections more than ceremony' (p. 9).

The review starts at the end of the 19th century as the Federal government was establishing a professional civil service and the first courses and books about public administration were produced in the United States. It shows that some of the arguments, for example about the possibility of separating policy making from implementation, are as old as the subject of public administration and that many themes have recurred in writing on the subject. One of the debates, whether officials should be concerned only with efficiency or with support and enhancement of democracy, is traced to the differences between Hamilton and Jefferson.

He classifies writing into those works which are mainly about the 'ground', the laws, organizations and functions within which managers operate, and the 'figure', the behaviour of the people who occupy positions in public authorities. The latter include books which are concerned with entrepreneurship, imagination, skills and the ability to make things happen, rather than the organizations within which managers operate. Some follow the view that success comes not from knowledge, analysis and systematic decision making but from instinctive understanding and intuitive decision making and inspirational leadership. Lynn rejects such a dichotomy and argues that successful managers need both the skills which come from experience and those which develop through analysis.

There are two main purposes of the book: one is to situate public management as a discipline and to subject its contributors to social scientific scrutiny; the other is to explore the process of education and development which managers go through, especially in schools of public management, and assess which are likely to produce good results. There is throughout a tension between academic research with standards of evidence, rigorous modeling and theory building and management writing which is based on case study, anecdote and the search for evidence to support a set of normative statements or slogans. While Lynn expresses a preference for the former, he is clearly bruised by the experience of using social science method and theory with public managers: 'A collective glazing over of eyes in classrooms greets professional efforts to apply "theory". Far more welcome are trenchant, engaging stories, discussions that illustrate the uses of taxonomic ordering and the vigorous advocacy of management principles which can be shown to have worked in practice' (p. 141).

He believes that the scholarship which generates the stories and checklists is flawed because it is always based on examples which support the main propositions and never includes counter examples and because the lists of principles which are derived from such stories cannot be judged as more or less useful than any other list generated from another set of stories. He argues for a discipline which does have academic standards. More than that, he claims that it is the duty of the universities engaged in research and training on public management to which 'society [can] turn for sustained commitment to a morally responsible statecraft based on the authority of intellectual integrity in public life' (p. 166).

Of course, the reader can take issue with which books Lynn considers to be seminal and those he feels lack rigour, but as a guide to the field and a set of criteria by which to judge its contributors the book is very useful. If it has a fault it derives from its viewpoint, that of an academic whose role is to research and help managers learn and develop, in the context of the United States of America. Had Lynn been writing from his previous position as a distinguished public servant, he might not have put the universities in the centre of picture. It has not mainly been academics and schools of public management which have created change and innovation, rather they have reported and analysed changes as they have been implemented by officials. Had he not restricted his survey almost exclusively to the United States he might have found more work to praise as well, of course, as more work whose academic merit he might have doubted.

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## GLOBALIZATION AND PUBLIC POLICY

**Philip Gummett (ed.)**

Edward Elgar, 1996. 224 pp. £39.95

A glance back over past book reviews in *Public Administration* and in journals in the field of International Political Economy (IPE) reveals that it is extremely rare for the division of labour

between those who analyse 'shifts' in public policy agendas, and those who map the contours of the 'global' context of these agendas, to be directly transcended. Gummert's book is among the first to explicitly question this academic division of labour, and in doing so to question the implicit assumption that while IPE deals with 'cause' in the dynamics of global change, Public Policy Analysis deals with 'effect'. The inter-disciplinary approach of the book leads to a much-needed dialogue between the fields of International Relations/IPE, European Public Policy Analysis, Political Development and Political Philosophy. From the standpoints of diverse policy arenas the perceived processes of globalization take on different dynamics. It is this differentiated approach to the analysis of the globalization-public policy nexus which underpins the two key interrelated themes of the book.

In the context of a cross-disciplinary debate, perhaps the most significant theme of the book is the emphasis on the uneven and differentiated nature of the processes of globalization/internalization. As the editor asserts 'We aim in this book to examine the relations between systemic globalizing forces that might favour, impede, ameliorate or in some cases even reverse ... globalization' (p. 3). The overarching message seems to be that public policy spheres diverge in their relationship to processes of 'globalization' owing to their varying degrees of 'embeddedness' in national institutions. The assumption is that the more 'parochial' a policy sector, the more 'embedded' in nationally specific institutions and insulated from 'global forces' it is likely to be. It is clear from many of the chapters that the positioning of a policy sphere in relation to global pressures is to a great extent dependent on the power of policy 'networks' of interests sponsoring and conditioning a particular 'version' of globalization (Cammack on political development, Cerny on international finance, Higgott on the sponsorship of a particular model of international trade). Hence it is no accident that the financial sphere is found to be more 'globalized' than the health care sector. The uneven outcome associated with such political sponsorship is a dominant theme in the contributions (Rhodes on the 'untidy' process of regional Europeanization, Steiner on the distributive effects of globalization). The individual chapters contribute a great deal in terms of the politics and power dynamics of the globalization-policy nexus, though this could have been more explicitly stated by the editor in his introductory chapter.

Given that different policy sectors interact with global pressures to varying degrees, a second, and related, theme of the book is the identification *within* policy spheres of 'precisely what has been globalized, and how mobile it is' (p. 16). Processes of globalization are thus viewed as differentiated not only between policy spheres, but also within the sector itself. Hence, the sphere of defence policy demonstrates varying degrees of intersection with internationalizing processes across the organization of military operations, the management of R&D, and the provision of defence services (Gummert). This intra-sectoral differentiation is most effectively demonstrated by Moran and Wood's chapter on the health policy sphere. While much of the IPE literature on globalization tends to shy away from policy arenas which do not directly seem to lend themselves to interaction with the 'global' level, Moran and Wood's contribution uses an apparently parochial policy sphere to demonstrate the subtleties of the globalization-public policy relationship. Such subtleties are often swallowed up by the dominant 'grand structures' highlighted by theories of globalization with their primary focus on the, perhaps rather limited, cases of finance and production. Moran and Wood explicitly draw out the political usefulness of the concept of globalization in legitimating particular policy agendas. It is this 'contextual internationalization' (p. 127) which represents, at least to this reviewer's eyes, the most substantive contribution to contemporary debates:

What is crucial is not some objective economic 'reality', but perception, and the way perception equips policy makers with a means of legitimating their policy proposals ... It is important that academic observers do not assist in this reification of internationalisation, thus strengthening further the hands of one particular set of interests. Our role is to pinpoint the existence of mind sets, not to legitimate them (Moran and Wood, p. 140).

In sum, as an opening salvo to a dialogue between IPE and Public Policy Analysis, Gummert's book will be gratefully received by those who seek to question the 'global' discourse

dominant in both academic debate and policy advocacy. The book highlights the legitimating function of tying shifts in policy agendas unequivocally to 'globalizing' forces, effectively exploding the myth of the 'death' of the state and its policy autonomy

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## THE POLITICS OF BELGIUM. A UNIQUE FEDERALISM

**John Fitzmaurice**

Hurst and Company, 1996. 284 pp. £12.50

From the 1950s onwards the Belgian political system could no longer contain its regional divide within the fabric of the unitary state. The accommodation of the ethno-linguistic conflict caused a fundamental political change, affecting all major players in Belgian politics and occupying the political agenda for a period as long as thirty years. The politics of accommodation led to the constitutional transformation of a straightforward unitary state into a regional and eventually, in 1993, into a federal one. The Belgian federation is complex in nature, ridden with idiosyncratic features and therefore difficult to present in a coherent way. With this unrivalled book *The politics of Belgium*, John Fitzmaurice updates his 1983 (pre-federal) edition. By including Belgium's most recent institutional reforms, he fills a knowledge gap. In his introduction, Fitzmaurice describes what makes the Belgian polity interesting for comparative analysis: its almost artificial origin, its typical small state characteristics and most importantly its political dynamics originating from well-known traditional cleavages such as class, religion and language. He touches upon the essence of Belgian politics by sketching the nature and costs of the Belgian variant of consociationalist conflict accommodation and the possible effects of its demise. By stressing the non-violent nature and the unique outcome of the accommodation of the linguistic conflict, he highlights the salience of Belgian institutional engineering for other ethnically divided countries.

The introduction promises a systematic and conceptual analysis of the complexities of Belgian institutions and politics. What follows, a detailed account of political processes, structures and actors is both impressive and informative, but somewhat disappointing, given its lack of analytical and conceptual rigour. The book consists of eight chapters. In a first, dense chapter, Fitzmaurice summarizes 2000 years of Belgian prehistory and describes political life from the foundation of the Belgian state in 1830 until the conclusion of the federal pact in 1993. This chapter is rather hard to digest, particularly towards the end, where Fitzmaurice's account of postwar Belgian politics heavily relies on the role of political actors that are introduced only later in the book. A more accessible chapter is the second one, in which the author presents the economic, social and cultural structure of Belgian society. This chapter is useful for a correct understanding of the tensions between Belgium's linguistic communities, based on a partial overlap of linguistic and economic cleavages. The coincidence of the linguistic border with an economic welfare border indeed explains contemporary challenges to the Belgian federation.

In the next three chapters, Fitzmaurice presents what constitutes the core of his book. In 'Central Government' he describes the federal executive, legislative and judiciary. Chapter 4 analyses the reform of the state. Fitzmaurice dwells long on political crises in the seventies and early eighties, which may have been pertinent for the 1983 edition of his book, but less so for the current one. Admittedly, chapter 5 is devoted to the present day federal structure. However, Fitzmaurice's analysis of the current federal system does not meet the expectations raised by the book's subtitle. With his detailed account of the competencies and financing of regions and communities and conflict resolution mechanisms we do not get a systematic analy-

sis of what makes Belgian federalism unique, unless maybe, that it is unique in its complexity. Moreover, the material presented in this chapter is confusing because the author uses the present tense for institutions that have been considerably altered after 1993. In my view, some parts of this chapter – for example on the provinces – have not been accurately updated and some elements have been misrepresented – for example the relationship of the Brussels' institutions with the French and Flemish communities.

With chapters 6 and 7 we get what we should have been given at an earlier point in the book to make other chapters more accessible; that is, the analysis of political actors – parties and interest-groups – and their interaction. Chapter 6 contains a wealth of information on the history, ideology and strength of Belgian political parties and gives a useful insight into the particularities of the federalized party system. In chapter 7, Fitzmaurice makes use of such scholars as Lijphardt, Rokkan, Lorwin, Lehmbruch and Schmitter contributing to understanding Belgium's mode of consociationalist politics and interest-intermediation, but quickly embarks upon mere descriptions of interest-groups. After a last chapter, on foreign and security policy, Fitzmaurice arrives at 'Whither Belgium?' Fitzmaurice does not see a base for separatism nor strong sentiments for Belgian unity. A systematic analysis of centripetal and centrifugal forces in the Belgian political system could have provided a more satisfactory answer.

Overall, the *Politics of Belgium* contains an overwhelming amount of factual data, and detailed accounts of major steps in the process towards the federalization of the state. Its almost encyclopedic character, however, often blurs the more important questions for comparative analysis. The book remains useful in that it offers a wealth of information on an inadequately covered polity and can thus serve as a reference work. For an optimal reading of the book, readers should first start with actors and structures before reading the chapters on processes. Second, they should scrutinize the notes for further reading – regrettably Fitzmaurice has not included a selected bibliography. Finally, they should treat with caution the use of the present tense in the description of the federal system.

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## DOWN FROM BUREAUCRACY: THE AMBIGUITY OF PRIVATIZATION AND EMPOWERMENT

Joel F. Handler  
Princeton University Press, 1995. 269 pp. Price £29.95

In the 1990s British central government set about making public services more responsive to service users primarily through the Citizen's Charter. This reform followed attempts in previous decades to develop more responsive local public services. Whether any of these attempts involved a shift in power from providers to service users is an interesting area for exploration. It is the area that Joel F. Handler investigates in relation to reform in America in the last decade. He asks what has been the impact of the restructuring of government and whether it provides ordinary people with greater influence over issues relevant to them resulting in 'citizen empowerment'.

Following an introduction that defines terms and sets out the remit of the text, the book divides into two sections. The first section looks at the way in which the welfare state has been reorganized, concentrating on decentralization and privatization as 'the next step on the decentralization continuum'. The second section looks at the outcome of this reform in terms of empowerment, by which Handler means that clients have a 'genuine voice' in matters that concern them.

The book provides the readers with some interesting examples of reform from a range of public policy areas. It also reviews existing literature and theories on the decentralization and privatization which is used to inform a valuable critical analysis of these initiatives. For example, the text discusses decentralization as a means of managing conflict. The welfare case study shows that where there has been consensus over policy then that policy has been federally administered, but where a policy is controversial the upper levels of government 'try to escape political costs' by 'granting symbolic victories and delegating the controversy back down to the local level'. Privatization is not always successful. The discussion of contracting in New Jersey state government and Massachusetts mental health services argues competition in contracting is difficult to initiate or sustain. This observation is significant as the consensus of opinion is that contracting only achieves its aims of efficiency and accountability when competition exists.

The text develops tools for analysis which widen the appeal of the publication. It identifies three different types of empowerment and conditions under which it is realized. There is empowerment by invitation whereby weaker parties are invited to engage in genuine participation and obtain resources from the stronger parties themselves. There is also the more problematic empowerment through conflict. Resources in such cases come from the wider community and this type will result in losers. The education example given in the book shows how bureaucrats have lost out to teachers, parents and local residents that contested control of schools. There is however a need for continuous support of external groups in this incidence if pupils and teachers are not to become disempowered.

*Down From Bureaucracy* serves as a warning of the limitations of empowerment. The concluding chapter pulls together the various aspects of this argument. It raises the difficulty of determining whether there has been empowerment. An older person now involved in the appointment and supervision of a worker is clearly empowered. What about an older person who has been taught to administer their own injections? The patient is not participating in any of the medical decisions that affect them and the ability to give themselves an injection is only a small act, or is it? It may constitute a great deal of control to the individual concerned. Even where clients are clearly empowered they are only empowered in particular relationships as for instance as tenants over public housing. In other aspects of their life they remain powerless which means that 'empowerment relationships will always be tentative and unstable'. Once initiated, they will have to be 'constantly renewed'.

Handler has produced a well-researched text that is enjoyable to read. Some useful comparative perspective can be gained from this publication which provides an interpretation of the restructuring of American government. In addition the development of analytical tools means that the book will be of interest to anyone wanting to investigate the impact on service users of recent developments that have taken place in the public services in Britain.

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## POLITICAL REFORMS AND DEVELOPING NATIONS

Stuart S. Nagel, William Crotty and James Scarritt (eds.)  
JAI Press, 1996. 331 pp. £50.50

Political reform is a concept that requires careful explication if it is to hold together a collection of essays on countries as diverse as those included in this volume, the second in a 'multi-volume treatise' on Policy Studies and Developing Nations edited by Stuart Nagel. Unfortunately, no effort has been made to specify what constitutes political reform or how the varied subject matter of the contents, ranging from presidentialism to inter-governmental

relations, the role of women legislators to electoral systems, and party formation to judicial politics, links together. There is no introduction to indicate what the rationale of the book is, what remit, if any, the contributors have been given, or what the succeeding chapters are supposed to accomplish. There is no conclusion to draw the disparate threads together. None of the sections into which the essays are divided (branches of government, levels of government, parties, public opinion, elections, democracy, and public administration) has an introduction to demonstrate the relevance of what follows to the book's aims. The authors appear to have been given no remit other than the title. No editorial influence seems to have been exercised at all, and the criteria by which the contributions were selected is undisclosed, which is surprising given the scholarly reputation of the editorial team.

Consequently this is a very uneven collection in both substance and presentation. Some contributions seem oblivious of the theoretical concerns to which their content might be made to relate. One or two build on the work of other scholars with analytical rigour. Some are lucidly written, others much less so. In one case the English is so bad as to be unintelligible. Too many of the chapters have been carelessly proof-read. For this the publishers are demanding £50.50.

Though bearing no relationship to others in the collection, some of the contributions are interesting in their own right: notably the judiciary's loss of power in Yugoslavia's dying days; and racial cleansing in Mauritania and Sudan. A few pieces have interests in the transition from authoritarianism in common: Mancebo on coalition-formation in Uruguay, Hadenius on the relationship between economic progress and democracy in Africa, and Bozoki on the stages of political transition in Hungary. But there is really only one piece for which it would be worth obtaining the book on inter-library loan: Miller's meticulous interpretation of the results of the New Soviet Citizen Surveys to test hypotheses about the correlates of popular legitimacy and its importance in the survival of regimes.

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## MEDICAL SERVICES AND THE HOSPITALS IN BRITAIN, 1860-1939

**Steven Cherry**

Cambridge University Press, 1996. 93 pp. £17.95 (cloth), £6.25 (paper)

This slim book is part of a series published by the Economic History Society which is designed to introduce students to the main debates in recent historical research on specified subjects. Cherry traces the emergence of the multiple types of medical service found in Britain before the Second World War, establishes the foundations of professionalism in medical care and demonstrates how public funding – and, with this, concerns about equity and efficiency – became integrated into the provision of services, particularly during the interwar years. The account stops short of the foundation of the NHS, which will be covered in a later publication in the same series by Virginia Berridge.

Two striking features emerge from the historical agenda. First, in spite of present controversies over recent NHS restructuring, historical studies have been more interested in tracing the creation of the medical establishment than with the assessment of efficiencies in the varying systems of pre-war health care delivery. Second, following from this, most historians have been more concerned to question whether more extensive access to medical services helps explain improvements in life expectancy and morbidity rates that occurred during the period covered by this volume. While opinion here remains divided, even the supporters of public health programmes concede that real improvements were linked to preventative measures – the introduction of water-born sewage and the provision of a clean water supply – more than



to a more general application of medical skills. In the long run (as historians like to say) it may well be that future historians will criticize current debates on the reform of the National Health Service as a complete waste of time and effort, which diverted attention of politicians and public from the infinitely more important issues of controlling pollution, of renewing city sewage and water supply systems. This book refuses to interpret the emergence of publicly funded medicine as an unqualified success story. The extension of health care reduced the incidence of some complaints responsive to medical science (varied fevers, smallpox and, towards the end of this period, other conditions amenable to antibiotic treatments). However, the extension of radical surgical interventions and drug therapies (and the outlawing of folk medicines) were not invariably positive and could produce side effects worse than the condition which the doctor had originally aimed to cure. Recent research, in short, has begun to undermine positivist assumptions concerning the past achievements of state medicine, by pointing up the losses – as well as the gains – consequent on its extension.

In the interstices of such revisionist accounts, we can witness the impact of the Thatcher years on historiographical approaches. In rewriting the histories of the welfare state, the Whiggish views articulated by Richard Titmuss, T H Marshall and others have been subject to thorough reappraisal. Hence new research has highlighted the merits, rather than the deficiencies, of the cottage hospitals (Cherry's own area of expertise) and the strengths (as well as the weaknesses) of the voluntary hospitals – a reappraisal currently being extended by Martin Powell and Martin Gorsky at the University of Portsmouth. It is not hard to deduce that the recent emergence of independent hospital trusts, which bear some resemblance to the old voluntary hospital boards, has helped stimulate renewed interest and has caused the arrival of the NHS, previously viewed as the great triumph of state welfare, to be understood as a more partial achievement. No-one would suggest that history repeats itself. However, when we look again at old arguments originally supporting the extension of state provision and control – the proper rationalization of expensive medical resources within specific areas, the creation of co-ordinated systems of planning, the elimination of duplicate services – we may get the unpleasant sensation that we are currently revisiting well-trodden ground. A little historical knowledge is no bad thing. Public policy analyses should look forward to Virginia Berridge's complementary volume which will carry these questions forward into the 1940s.

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## THE BRITISH ELECTRICITY EXPERIMENT. PRIVATIZATION: THE RECORD, THE ISSUES, THE LESSONS

John Surrey (ed.)

Earthscan Publications, 1996. 329 pp. £17.95

The format of this book, an edited collection of individually authored chapters, rarely works well in practice. However, on this occasion, the editor and all of the authors were at the time of writing members of the Energy Programme at the Science Policy Research Unit at Sussex University, and thus has resulted in a degree of cohesiveness reasonably similar to a single-authored text. This is true not only in terms of content but also style.

Chapter 2 covers the history of the electricity supply industry (ESI) in public ownership. It is wide-ranging but somewhat lacking in data. It argues that the structure which evolved was generally satisfactory, albeit less than ideal. In particular, risks were borne by consumers through the implementation of cost-based methods of pricing. The chapter which follows briefly reviews the history of privatization before proceeding to a detailed account in respect of the ESI. It takes a rather negative view of arrangements for the disposal which it claims

were piecemeal and hurried, owing to a reluctance to face the necessity of hiving off the nuclear capacity.

The next six chapters cover the industry's performance during the period 1990 to 1996. The first expresses scepticism about the gains in competition over this period, which it claims were mainly the result of RECs entering the business of generation. The author concentrates on the so-called 'power pool', which he argues is open to manipulation by generators. Regulation is alleged to have made things worse because of the introduction of a price cap regime. This is fairly technical material.

What follows is a discussion of the crucially important area of regulation. As the author notes, the primary responsibility of the electricity Regulator is to promote competition rather than to control monopoly power (as in the case of gas). The author concludes that increases in competition have led to more, rather than less, regulation.

Chapter 6 covers the political background to the run-down of the coal industry and the decision to privatize the ESI first, thus allowing it to determine the future of coal. It argues that initial arrangements could not survive because they introduced an imbalance in market power in favour of the generators' duopsony. It emphasizes the resultant 'dash for gas' as prospective competitors needed new means of generating supplies and independently owned gas fields were seeking buyers for their output. This is a fascinating story, well-told, which also looks to the period post-1998 when there will be major changes in market circumstances. The overall conclusion is that the dash for gas was overdone.

Chapter 7 moves on to nuclear capacity, and explains how it fell from favour. It covers the failure to incorporate nuclear capacity fully into the privatization of the ESI, and the protection of the residual elements through the fossil fuel levy. There is a technical discussion of the nuclear levy. Chapter 8 covers renewable generation and the non-fossil fuel obligation. This will be of less interest to the general reader than the subsequent analysis of winners and losers. Here it is claimed that consumers have gained from improved reliability and price reductions (though offset by a rise in VAT). The ESI itself took most of the gains during the first five years, but domestic consumers are expected to do better as competition increases, catching up larger industrial users. Shareholders are seen as major beneficiaries, with profitability rising sharply as a result of costs falling much faster than prices. This is ascribed to the reduction in the price of coal and hardly at all to the improved efficiency of the companies. It is noted further that, since labour represents only a small proportion of ESI costs, rising labour productivity makes little difference overall. Labour shedding has anyway been modest, voluntary and well-rewarded.

The rest of the book is concerned with issues, and the degree of repetition inevitably increases. Chapter 10 on competition, for example, introduces recent take-over bids, but otherwise adds little new material, and the ensuing chapter, which returns to the theme of regulation, is wide-ranging and thorough but at the same time less industry-specific and hence repeats coverage in other publications.

The cover suggests that the book is likely to be definitive, and certainly there is no good reason why anyone else should need to go over the ground again for several years. The 300 pages of text provide the reader with everything s/he needs to know about the ESI, and perhaps at times rather too much for the general reader who will find some of the chapters heavy going. All of the data appear in the form of tables, and some figures/schematics would have been helpful. Some of the technicalities and repetition were perhaps inevitable, but as a consequence, the book is unlikely to be of widespread interest to this journal's readership.

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## WOMEN IN ORGANISATIONS CHALLENGING GENDER POLITICS

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**Sue Ledwith and Fiona Colgan (eds.)**

Macmillan Press Ltd, 1996. 341 pp. £45 (cloth), £14.99 (paper)

This book examines gender-based inequality at work. This is not a new area of enquiry, and much has been said on the subject in other volumes. But this book provides a much needed update on the position of women within modern organizations, and includes a wealth of data concerning the distribution of women within a wide range of organizational structures. These include: publishing, retailing, personnel management, HM Customs and Excise, trades unions, teaching, the NHS, and public transport. The book is a result of eight research based case studies, each one looking at the ways that women are represented in the structure of the organization, and the ways in which the various methods of 'closure' and institutionalized (patriarchal) beliefs and attitudes operate against the interests of women. But the book does a lot more than simply describe a situation of gendered structural inequality. It also, and very importantly, draws attention to the ways in which the women within the organizations react to institutionalized patriarchy. The studies all underline that the women in these organizations are not blind passive victims of the system. Each of the case studies shows women as active (collectively) in the process of challenging structural inequalities and promoting organizational change. The authors suggest that women's increasing presence in the labour market, together with their growing political awareness and increasing consumer power is producing real changes in large-scale organizations. The frustrations and irritations felt by women within these large-scale organizations, coupled with this increasing awareness of gender politics has led to a situation where women in organizations are more willing and able, perhaps more than ever before, to organize and orchestrate challenges to the status quo. Furthermore, the successful strategies employed by the women in the case study examples can be used as a guide for women in organizations which are less 'woman friendly'. The editors observe at the outset that 'Our project in this book is to identify a range of strategies which women as change agents may take incrementally, purposefully, or intuitively, in pursuit of their woman friendly or feminist projects in their work organisations, occupations and professions' (p. 4).

The organizational changes that are described in the case studies are, however, patchy, both within and between the various organizations. The key factor in the degree and extent of change appears to be the amount of 'activism' on the part of the women within the organizational structure. The cautiously optimistic conclusion is however tempered with the observation that whatever progress has been made in the interests of redressing gender inequalities could easily be lost. The 'male establishment' may subvert the 'transformed landscape' and turn it into something that 'feminism did not want'. Moreover, the changes that feminism has brought about may actually serve to strengthen both institutionalized patriarchy and the sexual division of labour. This conclusion may leave the reader wondering whether or not to be optimistic or pessimistic, but leaving aside that uncertainty, the book is a must for optimists and pessimists alike.

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## INLOGOV INFORMS ON QUANGOS

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**Leslie Grayson and Howard Davies (eds.)**

Institute of Local Government Studies, 1996. 82 pp. £35

This document is a heavily annotated bibliography on its topic, rather than presenting any original research or sustained critical analysis of other research. It takes the form of 224 references, each with a summary or commentary of a few lines, some with 'see also' references to other items not otherwise listed in this document. These references are grouped under the headings of political environment, issues for local government, local government responses, and quango case studies. The first three headings are prefaced by a commentary of a few pages, while each of the case study areas of education, training and economic development, health, and housing has a shorter two-page commentary. It is unclear to what extent the summaries and commentaries of individual items are based on the original authors' own abstracts, on those of the bibliographic databases employed in compiling the list of references, or on comments by the compilers of this document.

The materials listed vary widely in type, from government and parliamentary reports to pamphlets from political think tanks, from books and journal articles to newspaper articles, and include material produced by national organizations of some of the bodies covered. A number of publications by INLOGOV itself also make an appearance. This coverage gives the publication an advantage over a typical academic literature search, since it lists many items which would not be picked up by such a search, and which would in any case be bedevilled by the problem of different names used to refer to various types of bodies in the area of interest.

However, the time coverage varies widely under the different headings. The starting point for the general material appears to be 1979, but coverage since then is far from comprehensive for any of the types of material referred to. There is, for example, no reference to Chris Hood's perceptive piece 'Axeperson, spare that quango'. The health section has no reference earlier than 1993. This is clearly an advantage to anyone who just wants to know what recent material there is in an area of major institutional turmoil (albeit inevitably overtaken by the need to assess the implications of the implementation of the April 1996 reorganization). The compilers' two-page introductory commentary on health provides an admirably succinct summary of developments between 1991 and early 1996, but does not refer to the earlier literature on the problematic role of appointed bodies in the NHS going back to the original 'quangoization' of health under the 1945 Labour government. The section on training and economic development, focusing on Training and Enterprise Councils (TECs), gives no hint that they were a partial replacement for the biggest single quango of the 1970s and 1980s, the Manpower Services Commission, on which there is also a literature.

This publication shares the common obsession in relation to quangos with the twin issues of 'patronage' and body count, while never resolving the issue of definition. The general impression offered is that aspects of quangos considered to be negative have inexorably and consistently increased. For example, the document claims (p. 3) that the number of appointments to 'national' quangos 'has now risen to nearly 43,000', but the source cited for this is referring to a one-year rise between 1993 and 1994. However, data from *Public Bodies* show that, while the number of departmental appointments did indeed rise between 1991 and 1994, it fell between 1987 and 1991, and the 1994 figure was still below the figure in the mid-1980s; the figure fell between 1994 and 1995. Within the wider total of appointments of all kinds there has been a changing balance between unpaid and part-time paid, indirectly nominated, directly appointed, or self-appointing, a set of important changes which are not explored in this document.

What of the implications of a Labour government for quangos? The document notes without any hint of irony that the Labour Party does not intend to abolish quangos, and refers to

Labour proposals relating to appointments and accountability. However, there is no reference to Labour proposals to establish new or replacement quangos at national or regional level.

An assessment of this publication necessarily depends on its source and intended audience. The document states that the *INLOGOV Informs* series 'is intended to heighten awareness of existing practice, serve the process of search and discovery, and to help local authorities learn from one another'. For local authority librarians or research officers who had to compile a brief at relatively short notice, this was an invaluable resource until the 1997 general election. For those wishing to explore the quango issue in a more reflective way or over a longer time span this is a useful resource, but one which is not sufficient

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# INTRODUCTION: NETWORKS IN PUBLIC ADMINISTRATION

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PETER BOGASON AND THEO A.J. TOONEN

In the introductory article to the special issue on *Comparing Networks*, the editors discuss the meaning of the concept of networks in relation to other recent conceptual developments in public administration such as (neo)institutional and (neo)managerial analysis. They trace the broadly understood historical development of network analysis back to the late 1960s and early 1970s and highlight some important factors in its development up to the present-day demands placed on public administration by both globalization and decentralization. The result is organizational fragmentation. Network analysis makes it clear that people working in government and administration will have to learn to think of organization as an external, not internal activity. The prospect is that hierarchical control will be replaced by continuing processes of bargaining among interested parties within most fields of public administration.

## INTRODUCTION

What is network analysis in public administration? Is it the study of a form of relationships in the area between states and markets or among and within governmental and non-governmental public sector institutions? Have we discovered a new hybrid form for the collective organization of public life, largely informal, going beyond formal organizational boundaries and governmental borders, flowing, flexible, varied and reticulist? Is it a new, post-modern structural form which has come to substitute or at least complement traditional market arrangements and state bureaucracies? Or is network analysis a new, or at least different, way of looking at and analysing traditional government and public sector structures, thus discovering new patterns or at least different ones? Is network analysis the study of well-known institutions, organizations, individual or market choice from a particular perspective, which stresses diversity, fragmentation and polycentricity, interdependency, mutuality and the need for consensus building, co-production and interaction in public service delivery?

We may pose similar questions about other aspects of PA. What is (neo)managerial analysis in public administration? Has it changed from the

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study of the management or the managers running the organization on a day-to-day basis, their attitudes ('culture'), institutional positions ('roles') abilities ('resources'), working habits ('routines') and techniques ('instruments') – into studies of events, structures, processes, postulating the need for goal-directed, innovative, entrepreneurial and 'learned' behaviour? Is it, therefore, an approach from which 'networks' may be studied? Would this, then, turn management analysis into a form of network analysis?

Or, in a similar vein: what is (neo)institutional analysis in public administration? Is it the study of a particular type or class of public sector structures: norms, constitutions, intergovernmental systems, state-society interfaces, corporate and neo-corporatist institutes, rule configurations, legislative systems, civic cultures, societal patterns, historical legacies and state traditions? Or is it the study of organization, management or public service delivery from a viewpoint of the evolution of norms, values and social capital in public administration? Is it a perspective of cultures and belief systems, law, rules and formal regulations which provide an ideational infrastructure of meaning, value and context to people, their actions, organizations and networks within which they operate. Is institutional analysis a way to study, among other things, networks? Would this, then, turn institutional analysis into yet another form of network analysis?

So, does it all now boil down to network analysis, and if so, is there anything new under the sun? In this introductory article to this special issue of *Public Administration* on network theory in public administration we will fit the recent developments of PA into the longer-term development of international PA. The 1980s and early 1990s have brought us the breakthrough of several influential 'neo's' and a few 'post's' in the study of public administration. Network analysis seems to have replaced policy analysis as the new thing to be involved with, in at least some countries.

On the ground floor of public administration the different approaches are often perceived and presented as rivalling, perhaps even mutually exclusive. Some are presented as a break with the tradition of PA. But are they really? Is a new public management approach to networks unthinkable, or a network approach to new public management? Does an institutional analysis of networks preclude attention to neo-managerial questions? Could public administration do without a study of public management, institutions or networks, all at the same time? Has it ever?

In the second section of the introduction we sketch out the development of PA in three broad approaches, and in the third section we explore recent developments in PA that interest us here, trying to link recent analytical developments in terms of network analysis to the longer-term development of international PA. Of course it is impossible to be comprehensive, it must be done in a simplified and stylistic way. But those are the drawbacks of summarizing complex features. The fourth and final section will outline the articles in the symposium.

## DEVELOPMENTS IN PUBLIC ADMINISTRATION: HISTORICAL RECONSTRUCTION

Until very recently public administration was largely a nationally bound subject area. Post-war developments have built upon different foundations. Hood (1991, p. 6) observes: 'Even in 1948 there were still fairly distinct national academic traditions of public administration that touched only slightly: a continental European tradition focusing on the legal analysis of the use of public power, a British tradition of pragmatic analysis based mainly on history and philosophy, and an American tradition with more ambitions to "science"'.

It is hard to expect similar types of approaches to develop in the same manner, within systems of such different backgrounds. Most PAs were local in orientation, because of local interest and strong links to administrative practice; accessibility; incentive structures; and problems due to language barriers. Only a few years ago, international public administration was, in fact, American public administration. Many local PAs in Europe neglected this international PA, sometimes deliberately because it was 'American' and 'their own system was different'.

We have still not completely lost this type of attitude, but international PA is in the process of denationalizing itself. There are academic entrepreneurs that see a market for themselves by debunking American PA along the way. The claim is that (continental) European PA is altogether something quite different, but we are not convinced about this variety of 'fortress of Europe'. We agree that there are strong differences, but nonetheless there are reciprocal lessons to be learned. There is no need to elaborate the point here. We prefer to look for possibilities with which to bridge the global divide and would like to try to incorporate and reconcile recent theoretical developments into the long-term development of international PA.

The globalization of PA is an event in itself. Public management as a subdiscipline has already entered the global marketplace. The 'global managerial class' is in the making, '... we have a cluster of agencies including the IMF, the World Bank, WTO, OECD' (Albrow 1996, p. 123). The globalization of PA throws together different approaches to the study of public administration into one box whether they like it or not: neo-managerial analysis, neo-Taylorism, new public management, neo-institutional and/or new institutional analysis and also network analysis. Some of these approaches are claimed to be 'European' in origin, others are still considered to be typically 'American'. Postmodernism has become popular within certain sections of public administration, notably the Public Administration Theory Group (PATNET) with its journal *Administrative Theory and Praxis*. It is sometimes perceived as a revival of the romanticist, German-based approach to the study of government (Toonen 1990). For others it represents an awareness that the historical episode traditionally called

'modernity' is about to be over. It has to give way to a new historical episode which by Albrow (1996) is already preliminarily identified as 'the global age', where state and society move beyond modernity, with the expectation of profound consequences for the study of public administration and other spheres of human action.

### **The different meaning of networks**

The different approaches sometimes seem to represent different worlds in the study of public administration, with their own networks, institutional frameworks and citation patterns as performance indicators. Institutional and managerial approaches are often presented as rivalling concepts of public administration. In the British context, Rhodes (1996) perceives a schism between public administration on the one hand and new public management on the other. From a North European and US perspective it is hard to understand how a study of public administration could do without integrated attention for organization and management of the public sector. It would also be unthinkable to write: 'If rational choice is a major alternative to traditional Public Administration, then its potential has not yet been realised' (Rhodes 1996, p. 512) when the administrative system of your country has just undergone a complete and historical overhaul, at least partly on the basis of precisely these 'rational choice principles'.

Network analysis seems to belong somewhere in between these approaches. Network analysts don't perceive themselves as neo-managerialists, nor as neo-institutionalists. Furthermore, one can distinguish between different forms of network analysis.

For Great Britain, Rhodes identifies a replacement of the traditional form of institutional analysis by managerial dogma. He himself is sympathetic to policy-network analysis as a new mainstream approach. In Northern Europe rationalistic policy analysis was the PA-dogma of the 1970s and early 1980s. Network analysis seems to have already become the revision of this dogma in the 1990s, to be applied to virtually every subject. If one follows these analytical lines, the whole administrative world now seems to consist of 'networks'. Although we are generally sympathetic to this type of analysis and although we both have had our share in helping it out into the open in Denmark and the Netherlands, we cannot help having second thoughts. Organizations, law, constitutions, power, courts, governments, formal mandates and legal competencies don't seem to matter any more. History and institutions seem almost to have been lost, leaving aside the occasional 'traditional network culture'. At the same time, people talk about the 'constitution, governance and management' of networks as if we are back in the good old days of comprehensive planning. Centralist practices, formerly heavily criticized, are suddenly considered OK and effective as long as a 'bottom up' inclusion of the voice of 'target groups' early on in the process is allowed in order 'to make the policy more acceptable' and 'generate more support'.

It is also strange to realize that all these networks seem to be so 'new' to those uncovering them. Network analysis seldomly explores the institutional roots of the so-called 'modern, second generation steering instruments' (De Bruin and Ten Heuvelhof 1991) like agreements, communication, co-production, etc. in what, metaphorically, would then be the pre-history of modern administrative life. Covenantal thought, suddenly popular as 'the modern approach to governance' has deeply rooted, historical traditions (Elazar 1998). In the Dutch case, the once famous system of pillarization and the politics of accommodation was, in fact, one big form of network management, even if it wasn't called that at the time. In Denmark, even in the late absolutist kingdom, political and administrative networks were found, for example the tradition of using the farmers' annual meetings for consulting on ideas of state intervention (Bogason 1992), a tradition refined during the nineteenth century to include all trades of importance, and institutionalized during the First World War for administering the state-ordered system of food and production rationing, including imports and exports.

In Germany there has been a longer tradition of studying networks. There it is more closely linked to an institutional meaning and understanding of the networks in relation to regulation, neo-corporatist and co-operative federalism. The network concept often seems to represent a subject matter, although one of the most eloquent formulations of network analysis as interdependency analysis is still represented by Fritz Scharpf's contribution to the frequently cited Hanf-Scharpf volume (1978). In Germany the institutional problems of co-operative federalism and the co-operative state in interwoven network structures are a major concern.

How do the different 'new' approaches fit into the overall development of international public administration as a field? Where does network analysis stand in the broader context of PA as a discipline?

### **Back to the future**

Any reconstruction of the history of PA has its own narrative. Basically, the same approaches are often formulated with an enormous feeling for conceptual nuance, but this nuance is often lost when confronted with the empirical and operational questions of public administration. We would therefore like to concentrate on the underlying ontological differences. These are less diverse than conceptual pluralism suggests. They also seem to reflect much more continuity than is often exemplified by the variety at the level of conceptual models, which are built upon them in the various stages of the development of PA. For the purpose of this essay the devil is therefore in conceptual detail. The interest lies with the overall line of development.

We have chosen as our point of departure Vincent Ostrom's (1973) reconstruction of the development of PA. In its overall view it comes very close to other accounts of this history up until the mid-1970s. Ostrom's analysis

of the development of the field of PA was organized around three perspectives: (1) 'The Wilsonian point of departure', representing the traditional Taylorist approach of the science of administration, (2) 'Simon's challenge', which represented the intellectual breakthrough of modern organization theory and 'rational' policy (means-goal) analysis, and (3) 'Democratic administration' which he modelled with the help of concepts from the new political economy or public choice study which was in its early stages of development at the time.

Naturally, this reconstruction was a simplification, partly for the sake of argument. By the middle of the 1970s it was, however, very common to represent the development of the institutional and organizational study of government and public administration as an unfolding triptych. Standard textbooks in PA typically organized an overview of developments of the emerging discipline up until the end of the 1970s in terms of three successive stages.

Thus Allison (1971) had organized his classical study of governmental decision making around (1) the rational actor model, (2) the organization process model, and (3) the governmental politics model. Under different names, these addressed largely the same issues and developments as Ostrom did. Ostrom's description is only a footstep away from a development of ' "The politics/administration dichotomy", with "the principles of administration", via "the challenge" (of Simon) and "the reactions to the challenge" in the political and administrative sciences to public affairs in democratic administration as the new paradigm for public administration' (Henry 1975, pp. 5-23) even if public choice theory is not being mentioned as a way to bring back the public and politics into the study of administration, as Ostrom propounded.

Even Golembiewski, on other occasions one of Ostrom's most forceful critics (Golembiewski 1977), later distinguishes three successive stages: (1) the traditional paradigm, (2) the social-psychological paradigm, and (3) the humanistic-systemic paradigm. Leaving aside the conceptual detail here, these are somewhat different labels for the same schools and analytical contents to which Ostrom referred.

If we put the various classifications together, we are able to reconstruct schematically the development (see figure 1). Within this schematic representation adherents of different approaches may find themselves in the same boxes as approaches that they themselves heavily criticize. They are categorized, not on the basis of what makes them conceptually different, but on the basis of what they have in common on a meta-theoretical level.

Each approach reacts to an earlier development in administrative theory with which it is usually disappointed. It tries to reject or improve it. Each of these approaches tries to repair what it sees as the major deficiencies of previous approaches, and each in its own way. That is where the differentiation and rivalry starts. They may even have a different perception of

<b>1. Wilsonian point of departure:</b>	<b>2. Simon's challenge:</b>	<b>3. Democratic administration:</b>
<i>Classical 'rational organization' perspective:</i>	<i>Organization theoretical perspective:</i>	<i>Systemic political perspective:</i>
Scientific management school	Co-operative decision making school (Barnard/Simon)	(political) systems analysis
Administrative management school	Human relation school	organization sociology/theory
Science of administration	Participative management school	New public administration
Bureaucracy theory		Interorganization theory
		Implementation research
		Public choice (NPE)

FIGURE 1 *Development of PA 1880-1970s: a brief reconstruction*

what the deficiencies of the earlier generation's administrative theories were.

The situation is particularly complex for two reasons. First, we live in a conceptual world. The locus of study – government, public administration, public sector – shows an inherent tendency to permanently rename itself. Concepts are important tools for public sector change and reform. New concepts allow us to break away from vested traditions and conventional interpretations of doing things. As vehicles of change concepts have a relatively short life-cycle. Once they have been incorporated into daily administrative practice, the magic is over. There is no other option but to replace them. Public administration as the study of what is going on behind these concepts of public administration has no other choice than to follow. Otherwise it will soon not be consulting practice, nor 'speaking truth to power'. Practice and power, addressing the old issues will soon speak a different language. They will not understand 'these academics' any more. For our purpose here, it is important to realize that the same subject matter may be addressed by using different labels, not only by academics, but by the 'subject matter' as well.

Second, indeed: 'How can a professor in public administration claim that he or she even has a field when only a quarter of his or her colleagues, on the average, identify their academic field as Public Administration' (Henry 1990, p. 22). Political scientists, sociologists, economists, spatial or urban planning theorists, and people of other academic training have frequently been looking for shelter in PA schools and programmes to overcome the current occupational malaise in their own disciplinary activities. They have often been eager to benefit from the endowments associated with the 'nth' resurrection of the PA field under a somewhat different name. Yet, it is understandable enough that they feel their primary loyalty to their field of academic socialization. If they already comprehend the notion of public administration as an integrated field of academic research, they are, for all sorts of reasons, generally not attracted to it.

In the multi-disciplinary interpretation of PA many do not situate themselves in the context of the development of PA, but in the context of developments within their 'own disciplines', like political science, sociology, law, economics. They often have a different frame of reference regarding relevant developments. The context of PA is the reference here. It is seen as a differentiated, but integrated field of study. In this perspective the approaches mentioned before are part of the same larger development in which we may see an increasingly differentiated understanding of the concept of government, governance, and public administration or public service delivery as a part thereof.

### **'Government in action'**

The classical theory may be presented as a reaction to Woodrow Wilson's (1887) call to study what he named 'the business of government' and 'government in action'. At a time when in Europe the study of public administration was being overtaken by the study of Law – for reasons not to be elaborated here but which had everything to do with stages of state formation in late nineteenth century Europe (Rutgers 1993) – Wilson used the inspiration of earlier European Cameralism, to call for a study of government beyond formal constitutional and legal theory. The latter had, understandably, dominated the academic and political debate on government and administration in the USA during the previous stages of its state formation. By the time Woodrow Wilson delivered his famous speech he felt that priorities had changed. He urged that, by then, it was 'harder to run a constitution, than to frame one' and that academic attention for the study of government was to be redirected accordingly.

### **The formal organization**

A descriptive orientation at the executive branch of government as the locus of PA research automatically starts to feel the need for a framework to conceptualize and organize the information and research. The approach of the classical era in PA was characterized by a preference to separate politics and administration. This has received massive attention and has become one of the major criticisms of the classical approach. It is important to observe, however, that this concern has stayed within the field. It constantly pops up in various guises. Later attempts to separate politics and policy, policy and administration, goals and means of government, policy and implementation, production and provision of public services, core departments and executive agencies are often all expressions of basically the same concern. Each time a distinction is introduced, the separation is criticized. It is different dealing with a classic puzzle in administrative theory and practice. Dunsire (1978, p. 4) started to call it the P/Q relationship. He 'wanted to avoid unwanted connotations attached to the labels being used and focused on the nature of the underlying problem. The mere fact that the politics-administration dichotomy has undergone so many changes and

keeps coming back under different headings, means that it is unwise to see this as the typical characteristic of the classical perspective, unless, this perspective still lives and is continuously updated and applied to modern questions and new concepts. But in that case it would be false to represent developments in PA as a series of consecutive stages like so many have done. We would then have the development of parallel instead of serial conceptual systems.

The position that 'nothing has changed' regarding the classical approach would clearly be incorrect, however. Changes occurred along a different dimension, which is often confused with the politics-administration dichotomy, but should be considered in its own right. The classical approach was characterized by an attention to formal institutions, structures, procedures, norms, values, habits, etc. Nobody these days – not even the proponents of the classical approach of which there are still many out there in the real world of public administration – would consider this correct any more. The classical approach to PA is, in textbooks, often labelled the 'formal organization approach'. The roots of the development and refinement of this approach were vested in the scientific management school, with the science of administration as its public sector variety. 'Taylorism' has become the shorthand and the convenient strawdog to be burned by later approaches. The classical paradigm – this word is used loosely – brought the formal institutional structure of government to the forefront and studied it with a hierarchical, monistic (Thompson 1967), monocentric (Ostrom 1973) concept of government and organization in mind.

At face value, but different in origin and background, this approach seemed to correspond well with the independently developed European continental traditions of the early twentieth century. These were expressed by the development of institutional sociology (Weber), and the attention to formal (legal) structures that started to dominate government study. Still much of the Anglo-Saxon literature makes the mistake of putting the American scientific management approach and the European bureaucratic theory together as one approach.

Although look-alikes, Weberian bureaucracy is something quite different from the Taylorist (or Mintzbergian or Morganist) machine bureaucracy (Page and Goldsmith 1987). The thing they have in common, however, is an attention to formal structures and relations within a larger, sometimes assumed, hierarchical framework for governance, administration and organization. Weber aimed at developing an institutional theory about power and authority in the development of state and society and the role of the administration as a part of it. The science of administration aimed to be an instrumental approach directed towards the improvement of government and its administrative substructures. The role of power, conflict and politics in (instrumental) organization comes in much later, and is not necessarily inspired by Weber.



### Policy and decision-making

The formal, hierarchical – monist, monocentric, unicentric – perception of government and administration has become – at least since Napoleon – a powerful concept for the modern organization of government. It is still associated with the classical or traditional approach to PA. It has become the primary target of criticism by subsequent approaches in PA. The undisputed theoretical challenge came from Simon, at a time when many more people had started to criticize the 'traditional' paradigm on analytical and empirical grounds. In the work of Barnard and Simon, the concept of rationality changed from a concept that referred to the formal ('rational') organization, to a concept that referred to the content of administrative behaviour. From a blueprint design concept rationality transformed into a means-ends concept.

The challenge resulted in a neo-organization concept, sometimes also called the 'informal-organization'-approach. Attention to organizational structures shifted to the background, a development also stimulated by the rise of systems theory in social science. Empirical behaviour became the prime target of research. Governments and organizations were no longer seen as formal institutions, but as co-operative enterprises for collective purposes. Incentives had to induce productive participation of the 'members' of the organization. Organizations were not 'commanded' any more, but the function of the executive was to find a balance between individual and organizational rationality. Instead of relying on hierarchy and command, the leadership or the organization had to 'induce' subordinates with formal and informal incentives. It had to create 'zones of acceptance' within which leadership decisions were considered legitimate, so as to reduce the costs of enforcement. It had to create informational conditions to deal with uncertainty and see to it that the product of collective organizational decision-making was more than the sum of the decisions by the individual members of the organization.

This neo-organizational perspective triggered many developments in the context of PA (and more outside this context). It broadened the concept of administration from organization to policy (means-ends) and decision-making. It changed the concept of organization and directed attention to what people do within organizations. It provided PA – by this time some people preferred to forget the term because of its 'traditional' and 'organizational' connotations and spoke of 'public policy study' – with a new standard. No longer was the standard 'general interest' or the 'common good' – commodities which had turned out hard to measure – but the 'goals of the organization'. The notion of 'responsible government for the general interest' gave way to the standard of: 'government, you will do as you say'. Goals-means analysis, cost-benefit, output research and productivity analysis eventually became accepted for a while as appropriate ways to study good governance.

### Implementation and complexity

Simon's challenge led to fundamental changes in organization theory. It was renewed, but still remained organization theory, hence neo-organization theory. The analysis presupposed the shadow of hierarchy and leadership in the background. Later in the 1970s policy analysts had to presume that there was an ultimate source of authority that could set or at least sanction the goals, against which the performance of government organization – by the policy analysts – could be measured and evaluated. Parliament or 'the democratic political process' usually fulfilled this need of the policy analysts, albeit that many of them in the beginning had a hard time in finding out about these 'goals of government'. The construction of 'goal trees' and 'hierarchys of values, goals, sub-goals, ends, means' as a reconstruction of what government wanted became big business for a while. Again politics was discovered to be not very 'rational' and was a clear disturbance to an orderly policy process, by issuing vague, often unclear, and almost always conflicting wishes. Originally, policy analysts often had to discover that politicians didn't even know clearly what their goals were. But rationality is a great good in western cultures, and politics quickly learned to present itself as such. The things governments did (why they did them and how they did them) after a while – in many countries – were professionally described in the terms policy analysts liked and had advocated. They now discovered a missing link, an implementation deficit, 'Great expectations in Washington, which were dashed in Oakland' (Pressman and Wildavsky 1973), street-level bureaucrats who invented 'the means and goals of policy' in the process, while coping with the rival claims and contradictory forces in dealing with the operational problems of the citizens at the grassroots (Lipsky 1980).

The image of government as an organization, let alone a centrally directed organization became increasingly unrealistic. Many still had difficulty in giving up the understanding of government as the institution with the legitimate monopoly on force in society or the institution charged with the ultimate authority to the 'binding allocation of values for and on behalf of society'. A hierarchically structured relationship in governmental matters seemed inevitable at the risk of chaos in government and society.

It is this presupposition which Ostrom challenged. It leads him to try to formulate an alternative approach which would imply a 'paradigm shift' from both the two previous approaches. Ostrom acknowledged the theoretical improvements brought about by 'Simon's challenge', but claimed that what was needed was not an improvement but a rejection of the monocentric assumption. This was explicit in the classical approach, taken for granted in the neo-organizational perspective and revitalized by the rational policy approaches. Together, these constituted a considerable part of the intellectual mainstream in American PA, but not only there.

Ostrom sought a replacement of the underlying operational assumptions attached to the perceived (necessity of a) hierarchical structure of govern-

ment. He coined polycentricity as the concept for analysing the structural basis of self-governing systems (Ostrom 1991, p. 223). He looked for the disaggregated analysis implied by the work of the 'new political economists', i.e. public choice to further conceptualize such an approach.

In retrospect, Ostrom was part of a larger wave of conceptualizations trying to deal with the 'organized' and therefore warranted complexity of social and public sector life. By the middle of the 1970s many more had found themselves discontented with the 'top down' assumptions of mainstream organization and policy analysis applied to the public sector. Any prospect for acceptance meant that one had to take away the fear which resulted from the operational assumptions of the previous approaches, that complexity threatened hierarchy and therefore was in danger of creating chaos. More and more approaches started to stress the need for differentiation, diversity and interdependency and therefore the need to cope with instead of reduce complexity.

Implementation processes turned out to play between and seldomly within organizations. Out of interorganizational concerns grew the interest in the nature of interdependency (Scharpf and Hanf 1978), implementation networks and implementation structures (Hjern and Hull 1987), and public service industries (Ostrom *et al.* 1978). Policy networks were to be mapped backwards and forwards (Elmore 1985). Soon it was discovered that government organizations were often only one of the many types of actors that constituted the network for the implementation of public policies to such an extent that it often became necessary to differentiate between government and public policy.

This is not the place to summarize all these approaches. It is important to observe that these developments again had one thing in common, which brought many different conceptual approaches together on a common interest. Their analyses implied the rediscovery of the explicit pre-behaviourist concern with structures, albeit in a different way, with different intentions. As Ostrom's analysis, like many others, clarified, an alternative had to be found for the structural assumptions underlying the classical approach. These had been considered largely irrelevant and therefore were taken for granted by the behavioural, neo-organizational approach.

In this approach, organizational structure and institutions did not really matter as much as the activities and processes that occurred within those processes. The focus was on organizational behaviour, procedures, administrative techniques, policy tools and the organization of the process through planning and co-ordination. This continued into the development of mainstream policy analysis in the 1960s and 1970s. A 'paradigm shift' could only be brought about if one recognized that 'the organization of political life matters' (March and Olsen 1989), but that it matters in a different way from the classical – hierarchical, monistic, monocentric, top – down approach.

Stressing the importance of interorganizational analysis implies the recognition of the importance of the organizational boundaries for the analysis

of public affairs. At the same time, political systems theory, postulating the political nature of public policy and administration, and the study of bureaucratic decision-making had clearly revealed the fragmented, polycentric and bureaupolitical nature of many processes within government organization and public service proper.

### DEVELOPMENTS IN THE 1980s AND BEYOND

This description of the development of 'international PA' at the end of the 1970s leaves us with a mixed bag. One thing is clear, however: policy orientation has not only crept into network analysis, it simply dominates the agenda of much analysis of PA both in the US and Europe, and in Europe especially the comparative approaches rooted in the types of policy analysis developing within political science. There is a relatively strongly institutionalized 'rational policy analysis', a relatively underplayed role for the traditional organizational questions, and a strong interest in the plural political dimensions of administrative systems and in the politics of bureaucracy. There is a growing demand for disaggregated analysis of policies and administrations at the grassroots, be it from an empiricist, implementation structures approach advocated by Porter, Hjern and Hull (Hjern and Porter 1983; Hjern and Hull 1987) or a methodological, individualistic concern expressed by the new political economy (Ostrom *et al.* 1978). The turn towards policy meant that administrative activities were contextualized according to the policies these activities were to influence. Therefore, earlier concerns regarding personnel and their qualifications as well as relatively narrow analyses of links between leading administrators and the politicians became of less importance in the overall picture of analyses of PA. In particular, earlier notions of the holistic organization as the relevant unit and levels of administrative analysis had come strongly under attack. The organization became but one element of a more comprehensive and policy-oriented analysis.

Looking back, the 1970s especially seem to be the decade of initiating the 'paradigm shifts' in the *theoretical basis* of public administration, shifts that were further developed and extensively written about in the ensuing decades. The 1980s could perhaps be represented as the age of 'paradigm shifts' in the *practice* of public administration. Many of the themes of practice, however, did not reach the theoretical links to policy which were so important in the more theoretical campuses of PA. Maybe the practitioners automatically and without closer considerations simply incorporated policy concerns into their discussions. Anyway, within central governments, NPM is becoming more and more influential in determining demands on organizational forms – agencies become divisionalized, management goes 'corporate', implementing organizations get their tasks on the basis of real or quasi-contracting out, under the heading of market and/or decentralization. Personnel qualifications become central strategic parameters for the development programmes of each agency. OECD's PUMA network

organizes sessions and reviews of the state-of-the-art and thus becomes instrumental in mediating such ideas to the participants who are typically coming from the Ministries of Finance in the member countries.

Likewise, reforms of local governments especially in continental Northern Europe give rise to organizational consolidation (NPM) in the policy-making local government councils, but at the same time in some countries one sees an organizational fragmentation owing to new forms of advisory and administering boards linked to service production, and a broad movement of contracting out (Bogason 1995). In the rhetoric of some countries, citizens are transferred into users or even customers operating mainly by market-like links such as satisfaction surveys, and local governments get involved in benchmarking activities intended to make it clear to the public which local government delivers most services for fewest bucks. But simultaneously, new channels are opened for citizens to serve actively in the boards of service organizations on the basis of elections among the users.

PA thus sees polycentric trends which were unthinkable in the principles of the reforms that followed the economic upswing from the late 1950s – those had Ostrom's classical bureaucracy as the organizational ideal. Then, as time went by, the third trend set in, as we have shown above. But while the service apparatuses have become fragmented in terms of organization, there are still strong demands for consolidation at the strategic apexes of the organizations, favouring concentration of executive power, and strong bureaucratic elements. At the same time, new information technologies make it possible to analyse public organization data in ways unheard of before, giving the management information at a level no one dreamt of twenty years ago, but also giving outsiders access to information that earlier was a closed book to the public – if it existed.

Developments within the field of academic PA are also observable but are seemingly less dramatic compared to the previous periods identified above; the 1980s rather represent a consolidation and refining of the principles that emerged in the decade before, including the policy orientation. But policy is not the only and overarching concern. We even see the return of some old friends linked to organizational analysis, albeit in a 'new' outfit: the new public management (neo-managerialism or neo-Taylorism to many of its enemies) with close and strong ties to the above-mentioned practitioners and advisory and/or financing institutions like the OECD and the World Bank. In addition, we see the new or neo-institutionalism (neo-conservatism or neo-classicism to many of its enemies), which unfortunately becomes a very broad conception covering both traditional sociological ways of thinking in terms of structural determination, as well as methodological individualistic approaches strongly linked to economic theory or, at least, the paradigms for rational behaviour implemented in economics and some camps of political science and sociology (North 1990; Ostrom 1990; Coleman and Fararo 1992). In the category of institutional analysis we would therefore also include a (new) cultural theory next to the several

economic, sociological, and organizational 'institutional theories', although knowing that some would prefer to set it apart as a separate development.

What else? The first sightings of postmodernism are so varied that one might doubt whether the category as such has much meaning in discriminating between some of the approaches. On the continental European side, systems theory is pushed towards the study of (relatively) closed as opposed to (relatively) open systems under the heading of autopoiesis and self-referentiality, with a strong and influential basis in German legal studies (Willke 1991; Teubner 1988).

By the beginning of the 1990s, PA-theorists again feel the need to do some stocktaking, and at this point the consequences of the growth in network analyses of various kinds are felt. In the US, Wamsley and associates from the Blacksburg manifesto restate the normative tenets of PA (Wamsley (ed.) 1992) and (re)develop its democratic features (Wamsley and Wolf (eds.) 1996). They do this by stressing the normative basis, the agency perspective, of the public organization as a single entity linked to constitutional norms, but operating within inter-organizational fields in an increasingly fragmented society. The administrator adhering to the constitutional norms cannot possibly operate only within a closed organization but must perform multiple roles in a complex interaction pattern between public agencies, between agencies and private organisations, and in a co-operative pattern involving citizens. Such roles must be delicately balanced between competing values – where the bottom line is the link to constitutional norms. In Europe, ethics also becomes an important theme in discussions about the proper role of administrators in systems of administration that become less cohesive, thus losing much of the previous understanding of what administrative *systems* are about, primarily because of too much slack in the chain-of-command; it is in many instances replaced by processes of bargaining.

Across Europe, governance is discussed as a meta-theoretical feature encompassing development in several disciplines including PA (Rhodes 1997). In our context it is yet another indication that although the organizational perspective is not rendered obsolete, the search for appropriate concepts for grasping the operations in and between networks of actors is intense. But as indicated above, the phenomenon behind the search has been developing for a long time.

In Britain some theorists go back to the roots and reconstruct theories of the state (Dunleavy and O'Leary 1987) and administrative argument (Hood and Jackson 1991). The state needed to be brought back in, if only as an idea (Jessop 1990). After all, and paraphrasing Hood (1991), public administration seemed to have lost an Empire, not only in the homeland, but in the former colonies as well. Still, the values of the 'old' PA seem to stay alive. On the basis of his work with Jackson, Hood identifies three different value systems that would apply to public management: (1) 'keep it lean and purposeful', (2) keep it 'honest and fair' and (3) keep it 'robust and resilient'. He recognizes a conflict among the various value systems and

suggests that these can be resolved by way of hierarchy, contingency or sequentiality.

Clearly such a stance is at odds with the theoretical orientation of the network approaches, but seen from the individual perspective of the organization, the question is fair enough. It remains to be seen whether the 'inter'-perspective will now be reduced in favour of such more traditional views. Our guess is that neither of the approaches will end up as a 'winner' – both perspectives are necessary in a discipline that embraces as much policy making as PA.

We started this introduction by worrying whether everything in PA is becoming network – and if so, is it something genuinely new or is it more of the same with new concepts, or is it a different meaning with the same concepts? The answer probably is: a little of each. The articles in this issue do not offer a comprehensive and final opinion as to what is fad and what is fantasy, but they do take some stock – which we will review below.

### **THEMES OF RECENT NETWORK ANALYSIS**

The articles in this special issue follow an order of logic from the more general and all-embracing to more specific themes, including methodological themes. Most of the articles deal with networks between organizations, but networks may as well exist within organizations, and they may go across boundaries of organizations, linking sub-groups of organizations to one another as much as to their own organizations understood as unitary entities.

Theo Toonen's article sets a broader framework or perspective for the network approaches, linking them to popular topics such as institutional analysis and neo-managerialism, all seen as elements in an understanding that puts less emphasis on organizational boundaries and instead favours a meta-theoretical linking of various types of activities. This understanding originates in public choice but its implications go far beyond that particular mode of research. The key to the links between activities is found in an approach referring any public administration decision to one of three levels: the constitutional choice level applying rules of procedure and other principles guiding decisions at the two other levels; the collective choice level where collective material choices of a general character like laws and plans are made; and the operational choice level where day-to-day decisions regarding, for example, public services, are made within the parameters of the two other levels. Together, the three levels form a nested system of decision-making, in which higher levels guide and constrain decisions at lower levels, but at the same time change of such parameters may be initiated by lower-level actions through elaborate channels of feed-back. By interpreting the three levels approach in terms of theoretical developments in public administration, one arrives at a more general theoretical framework from which networks may be studied in the context of PA, next to other disciplinary approaches. It then also becomes clear that 'network-

analysis' in the context of PA is best understood, not as one coherent approach, but as a dual set of various approaches.

Tanja A. Börzel recognizes the 'Babylonian' variety of different understanding of the policy network concept. She sets out to bring order by comparing two schools of analysis. The first one she calls the (predominantly British) interest intermediation school, analysing relations mainly between the state and interest groups; it is a general type of network applying to all kinds of networks between public and private actors. Networks are used as analytical tools, giving the analysis conceptual leverage by spelling out more elements to characterize the properties of the interaction between actors. Different types of networks influence policy outcomes in different ways. The second one she calls the (predominantly German) governance school analysing networks' mechanisms for mobilizing resources that are widely dispersed between public and private actors; it is a specific type of network between public and private actors, based on non-hierarchical co-ordination. Such networks are seen as instruments that create order in a fragmented society by co-ordinating actors towards consent for joint action. Börzel sees a need for all policy network analysts to link their analysis to meta-theoretical frameworks like resource dependency theory, game theory or communicative action theory in order to come closer to explanations of why policy networks proliferate.

Carsten Daugbjerg uses rational choice theory in his discussion of the linking of network type and policy type. Beginning with the conceptual differences in policy networks and issue networks, he compares the characteristics of Swedish and Danish environmental policies and the policy outcomes of the two policy systems. He distinguishes between four policy instruments: positive and negative in an economic sense, regulatory and informative. The possible effects of these instruments are then discussed from the behavioural perspective of the prospective polluter, using a rational actor approach with the polluter maximizing earnings and minimizing costs, and thus having a strong interest in gaining access to a policy network. Following that logic, it is hypothesized that countries with issue networks as an organizing principle in environmental policy making will employ high-cost (for the polluter) policies using taxes and regulatory universal standards, whereas policy community patterns will make low-cost environmental policies likely, using incentives, standards adapted to individual polluters and information as main instruments. Empirical data from Denmark and Sweden, chosen as the most different cases, support these hypotheses which are based on the understanding that issue networks do not offer polluters any structural power mechanisms while policy communities do, the latter therefore put the polluters in stronger positions during the policy-making stages, and the instruments chosen therefore become less costly for the polluters.

Vivien Lowndes and Chris Skelcher discuss multi-organizational partnerships which involve business, public agencies representatives of the com-



munity and non-profit organizations to solve a problem issue in the locality. Their particular contribution to our understanding of partnerships is to separate networks as governance from partnerships as structure by linking three different modes of governance – network, market and hierarchy as means of social co-ordination – to each of the four stages they have identified over the life of a typical partnership. Networking is important in the preparatory work as well as in the final stages of the project, and in discussions of possible follow-ups; in these stages there is a high degree of uncertainty and need to search freely for alternatives while trust is built up for future action. Particularly, during the stage of consolidation, hierarchy plays an increasing role in creating the rules and positions for a network, by a process of formalizing goals and procedures. Market relations enter in the implementation phase where contractors are chosen, contracts set up and subsequently monitored; but elements of trust relations to a certain degree counter the rough edges of competition. Partnerships are formally terminated by the end of the project, but the authors see potential for future co-operation in the community in so far as the network mode of governance has been present even where market and hierarchy has dominated the processes. And potential for future action, for a future public purpose, is an extension of social capital, based on boundary-crossing networks.

B. Guy Peters addresses problems of co-ordination of public sector actions which are growing because of increasing public involvement in the economy, proliferation of public agencies, citizen participation, decentralization of powers and societal issues cross-cutting the boundaries of public organizations. Furthermore, the globalization and importance of environmental problems, for example, require new forms of interaction. In varying degrees, these all point to interorganizational or network issues. Co-ordination is understood as an end-state where redundancy, incoherence and lacunae in policies are minimized. Whereas the traditional instruments of co-ordination have been versions of hierarchy and market relations, the new institutionalism offers new avenues in terms of shared values creating a common logic among actors involved in common policy issues. Thus, policy fields with shared dominant substance values, which may be reinforced by professions, will experience less 'turf fight'. Some forms of mediation and negotiation in networks may be understood as extensions of the market metaphor, depending on the degree of latitude each participant has. A hierarchy may be effective, but is rarely maintained over time within networks; whereas iterative decision-making processes may satisfy the need for participants to demonstrate a degree of autonomy. It is hypothesized that the degree of co-ordination within a network is positively connected with a high degree of integration and/or interdependence among the participants. Such may be created at the local level in processes of bargaining among the interested parties during the implementation

stages, and hence may create more viable co-ordination than commands from the top.

Peter Bogason discusses the development in local government in Scandinavia towards organizational fragmentation, a feature that has not been much discussed by local government researchers. Nor have many asked analytical questions about the consequences of their approaches to research. New patterns of network grow in the wake of increased powers to service organizations headed by boards of users, and new managerial styles similar to those of the new public management, featuring contracting out and similar market-like arrangements, flourish. Such trends can hardly be understood by the traditional approaches which basically assume that a political and administrative leadership is in control over a bureaucratic command system with some room for bargaining between senior politicians as heads of committees of the administrative sector. The decentralization of powers to the organizations implementing the policies opens up hitherto unknown processes, and this requires researchers to take interorganizational relations more directly into account. Suggestions about such an approach are made, based on studies of intergovernmental relations. Distinctions are made between intergovernmental politics which is concerned with symbolic values linked to the status of an organization, and intergovernmental management where daily processes of organizational survival and routines are seen as most important. In spite of the managerial fashion for strategic goal-setting, it is suspected that the new political actors are more interested in day-to-day results and thus challenge politicians, moving them away from the abstract goals in favour of advancing and monitoring actual accomplishments. This increases the need to understand network relations and, in turn, may yield better understanding on the part of citizens as to how local politics and management works.

Nora Machado and Tom R. Burns analyse complex social organization in a broad sense, taking the reader beyond the narrow organizational framework into a discussion of four institutionalized organizing modes, namely formal democracy, administrative order, collegial networks and status-dominated networks. Examples are drawn mainly from the world of medicine. Based on an institutional rules approach, they discuss how attempts to make such modes work together in a congruent way may create the opposite: incongruence, tensions blocking a positive development of the activities that were supposed to be more productive, efficient or simply workable. For example, professional norms do not square with market demands of pricing and of increasing profits, and bureaucracies try to organize and dominate markets instead of compete. Therefore, attempts at integrating markets and professional networks create some problems based on such structural incongruences. Nonetheless, organizations do operate in daily routines, and the authors point out how incongruences are handled by mechanisms like organizational division of labour which minimizes the contacts between actors who might otherwise have difficulty in resolving

matters of dispute between them: mediating roles and units that operate to help the resolution of controversies once they arise; ritualized behaviour liberating the individual from taking a personal stance in situations that might cause personal stress; and discourses defining or redefining action situations, for example to strengthen the sense of belonging and solidarity despite demands made by 'outside' actors. Networks may enhance such processes, particularly by mediating rituals and discourses, and by developing mediating roles – even those which might be illegal in formalized orders – because networks have greater diversity and flexibility than formal organizations. The Achilles heel of networks may be too little or even a lack of legitimacy, something which the formal organization has in abundance.

In the last article of this special issue, H. Brinton Milward and Keith G. Provan see network analysis as a tool to bridge policy analysis and administrative analysis and create a proper balance between the insights that both lines of research may yield. The main focus of the article is the findings based on quantitative methodology rather than detailed discussion of policy substance, which has been reported elsewhere. Two types of policy networks are compared in this study, one for community mental health systems in four American cities, one for substance abuse prevention network in a community. A core question is how integrated these networks are and thus how effective so that individuals who need services do not fall between providers which enjoy formal autonomy but as a group of specialized agents may not catch all those that might have a relevant problem within the policy field (from the perspective of an agency with overall responsibility for such policies). The first type of network analysis is a research tool used to construct an overall measure that summarizes large amounts of data with high complexity: if the quantitative measure had not been used, researchers would probably have felt that the networks had problems of integration. The second type of network analysis is also a research tool, but it may, in addition, be useful for administrators wishing to analyse the development of their relations with other actors over time: are links improved or are some important actors kept marginal to the overall network? If so, co-ordinative measures may be desirable.

The overall conclusion by the editors of this special issue is that hierarchical control is not impossible, but it is restricted to those fields that are politically and technologically simple and require simple human tasks of intervention. Not many areas of human activity meet these demands. More complex fields are only controlled by continuous bargaining among interested parties.

The most likely outcome of a sustained process of globalization, amounting to an internationalization of administrative systems is at least an erosion of the concept of the nation-state as the basis of organizing governance and public administration. It implies a 'decentration' of state and government activity. Therefore, it is not difficult to predict that 'networks', interdepen-

dency patterns and ways of non-hierarchical governance and conflict resolution are bound to become more important in the future.

We don't belong to the people who, in the European context, think the internationalization of public administration will soon render national governments obsolete. But we do think it will make them more dependent on other actors in the field, both international, regional and local. This raises the question of networks as emerging institutions, integrating a predominantly rationalistic actor approach with cognitive approaches based on theories of learning and theories of communicative action. Organization will become an increasingly important issue for the future. Network analysis requires that people working in government and administration will have to learn to think of organization as an external, not internal activity.

Most Western societies will see continued organizational fragmentation of both public and private sectors, as well as in civil society. Fragmentation does not necessarily equal chaos and disorganization, but there is a general lack of understanding of what the tasks of the social sciences are in a world that does not lend itself to a generalized and coherent theoretical framework. The aim of the behavioural revolution in the social sciences – to build an accumulating body of knowledge in order to facilitate control of society – has failed. We must be content with partial understandings, and network theories are helpful in that respect.

The articles in this special issue make it abundantly clear that the differences between types of network are never-ending from most perspectives. There is less need for discussion of the configuration of networks as such, and more for links to substantive theories like game theory, resource dependence theory and communicative/discourse theory. Even traditional public administration theory still has much to offer to the study and analysis of networks. Several of the articles set the analysis of networks between several social science camps. If network analysis offers comfort to students of public administration, it does so because it unequivocally illustrates the need for cross-disciplinary research as the way forward.

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# NETWORKS, MANAGEMENT AND INSTITUTIONS: PUBLIC ADMINISTRATION AS 'NORMAL SCIENCE'

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THEO A.J. TOONEN

How does network analysis fit into the development of public administration as an academic discipline? This article tries to bridge theoretical developments in public administration between the middle of the 1970s and the first half of the 1990s. The benchmarks being used are (1) the now classical account by Vincent Ostrom of *The Intellectual Crisis in (American) Public Administration* – published 25 years ago this year – and (2) Christopher Hood's reconstruction of core values in (British) new public management. Rather than representing analytical developments as an endless succession of different or even mutually exclusive approaches, this contribution tries to reconcile different foci for analysing public administration. Administrative theory provides us with a rather stable meta-theoretical framework for studying the meaning of quality in government, governance and public administration at various levels of analysis. By relating the emergence of network analysis in PA to parallel developments such as the resurgence of (neo-)managerial and (neo-)institutional analysis, it also becomes clear that network analysis is useful as an analytical device, but that it needs to be linked to theoretical perspectives that provide us with operational assumptions about 'networks'. Network analysis in itself only provides split ground for reinventing government and refounding public administration.

## INTRODUCTION

How does network analysis fit into the broader context of the development of public administration (PA) as a discipline? In this chapter, I will try to link recent analytical developments in network analysis, neo-managerialism and neo-institutionalism to the longer-term development of international PA. I will present the analysis in a concise and stylistic manner. My aim is not to be comprehensive, but to present a framework which may serve to integrate various approaches to the study of public administration, public management, public policy, public governance or any other subject matter which has traditionally been defined as the locus of study within the field of public administration.

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I will not present a new or different approach, model or scheme, nor will I debunk old ones. This contribution is an effort to integrate and relate rather well-known – and sometimes even worn out – paths and approaches within a field of study which still has much more to offer to the study of governance than many of the mono-disciplinary approaches. This is an effort to base the contemporary study of public administration in some traditional, if not ‘classic’ questions of government and public governance. It is an exercise in integration and, if you like, accommodation of approaches often presented as different, conflicting or mutually exclusive.

In theoretical terms, the puzzle to be addressed here is relatively simple and straightforward. It might be summarized briefly as an effort to bridge Vincent Ostrom’s well-known analysis, *Intellectual Crisis in American Public Administration* of the mid-1970s and Christopher Hood’s reconstruction of core values in British *New Public Management* in the early 1990s. Within this fifteen-year period, in which much has happened in the practice of public administration, these two analyses represent the overall developments within administrative theory and administrative doctrine in terms of three different approaches. These ‘trptychs of public administration’ are related and yet different. Given this, the question is whether they can be reconciled and integrated. This might be a step towards a more generalized understanding of PA as an integrated ‘discipline’.

I will try to place the theoretical developments implied by both analyses into the meta-theoretical framework once suggested by Elinor Ostrom and Larry Kiser as a generalized way to organize different institutional approaches. In my perception, public administration is much more than organizational studies. The ‘traditional’ study of PA may be understood as a subform of institutional analysis. Networks and ‘informal’ organizations have always been part and parcel of the administrative analysis in PA. The ‘three worlds approach’ may be utilized to order, arrange and link various approaches to this field.

The remainder of this article consists of three parts. In section two, I will rearrange Ostrom’s analysis of developments in PA until the middle of the 1970s in terms of the three worlds of action. Subsequently, I will use this framework to describe, in analytical terms, two parallel developments in the theory of government, governance and public administration that have manifested themselves in the course of the 1980s: the resurgence of (neo)managerialism and (neo)institutionalism. These built upon previous developments and together with network analysis, they constitute a large part of the frame of reference for analysing public administration towards the end of this century. In section three, I will use this analysis of the ‘historical’ development to formulate a more generalized framework for the analysis of what one might call ‘total quality in public administration’. This is done with the help of Hood’s well-known typology. In the fourth and final section, I formulate some conclusions with respect to network analysis in the context of the study of public administration.



## DEVELOPMENTS IN PUBLIC ADMINISTRATION: ANALYTICAL RECONSTRUCTION

By the end of the 1970s international PA was largely still American PA. Instead of bemoaning this, I take it as a fact of life. The *Intellectual Crisis in American Public Administration* by Vincent Ostrom was published twenty-five years ago. The book has often been cited – and criticized – as the introduction of public choice theory to the study of public administration. In the meantime, public choice has developed into a powerful approach in various social sciences and law studies. In the context of the development of the study of public administration, Ostrom's approach can still be viewed as an early announcement of the later development of 'reinventing government' from an entrepreneurial perspective in the US. One may also point to the (somewhat different) development of a new public management (NPM) approach in England and many other Westminster systems formerly belonging to the Commonwealth.

In retrospect, the *Intellectual Crisis* is a remarkable achievement in forecasting theoretical development. The approach and analysis suggested by Ostrom to overcome the perceived 'intellectual crisis' in (American) public administration was, however, much broader. Ostrom's perspective combined, in one 'paradigm', the various approaches that later became differentiated and are nowadays often contrasted: multi-actor public choice analysis, institutional analysis, democratic constitutional theory, network analysis, an entrepreneurial approach to government, a concept of governance and interorganizational analysis as over and against a concept of 'government' and 'organization'. Ostrom was one of the first in public administration to adopt a kind of 'post-modern' understanding of the state as an artefact (Ostrom 1980). Ostrom's analysis aimed to bring notions of co-production, policy networks and self-organization back to the study of public administration.

The *Intellectual Crisis* has become one of 'the other "Great Books" in Public Administration' (Sherwood 1990). This is a category second only to Herbert Simon's *Administrative Behaviour* which is in a league of its own. In the American context, *The Intellectual Crisis in Public Administration* is considered to be as influential in the field of PA as Chester Barnard's *Functions of the Executive*, Aaron Wildavsky's *The Politics of the Budgetary Process*, Dwight Waldo's *The Administrative State* and Frederick Mosher's, *Democracy and the Public Service*.

Ostrom questioned the intellectual foundations of mainstream public administration at the time. He observed that a fundamental paradigm shift in the study and practice of public administration was a necessity. He called for a new democratic administration building upon classical institutional considerations of federalist theory and deploying modern theoretical insights derived from the new political economy, i.e. public choice theory. Basically, he called for a more entrepreneurial concept of governance, if

not, indeed, a reinvention of the meaning of government. A monolithic, uniform and monocentric concept of governance characterized by a streamlined, integrated organization and unity of command had to be replaced by a differentiated, plural and polycentric notion. Fragmentation, checks and balances, self-organizing and self-governing networks, competition for services and a differentiation of demand, provision and supply agents in the organization constituted the alternative – for Europeans at the time futuristic and highly unlikely.

Ostrom's call for a paradigm shift seems to have occurred to a degree that many would not have thought possible when the book was first published. In more ways than one, Ostrom seems to have heralded the development of a theory of public administration to come, whatever the appreciation of the content of the approach. From an American point of view, one might observe that '... what seems interesting is that Ostrom's alternative paradigm of 'democratic administration' appears substantially closer to reality than does the traditional, dominant one in public administration'. From an American perspective it is striking that 'The United States has more than 80,000 governments, far more than any other country; and states like California dramatically present the blessings and difficulties of overlapping jurisdictions. In a very substantial sense, it is the traditional paradigm that is more ideology than reality. This is not to choose up sides but simply to suggest that Ostrom's concepts constitute an operative paradigm whose possibilities and opportunities deserve careful attention' (Sherwood 1990, p. 259).

From a European perspective, however, Ostrom's analysis could hardly be considered close to (European) reality at the time. The appreciation of Ostrom's statement – for those who actually read him instead of merely labelling and assessing him as part of a perceived overall 'public choice' wave – has been based on the analytical dimensions of the book instead of on its empirical adequacy in the European context. It was welcomed as a different way of looking at questions of institutional design. It provided an intellectual incentive to break away from a concern with rationalization, co-ordination, integration and the 'streamlining' of government structures.

Ostrom's analysis encouraged thinking about and allowing for differentiation, plurality and creativity in (doing) public administration and thinking, not in terms of government as an organization, but in terms of governance as a systemic activity. Governance as an activity could, in Ostrom's perspective, be carried out and institutionalized in various ways, not only in the form of a centralized, and bureaucratic (nation) state. Ostrom's message was imbued with the need to emphasize the importance of institutions as the context for operational choice and entrepreneurship. Ostrom emphasized the need for checks and balances in public administration, attention to complexity in government, interdependency and exchange in governance. According to the message, self-government and co-production by citizens

in non-market, non-governmental forms of collective action required more attention.

Perhaps the strongest criticism in the European context was that the ideas were somewhat farfetched, 'Utopian', 'American' and not very realistic. Nevertheless, it provided a nice source of inspiration for breaking away from conventional wisdom. Given this academic, analytical appreciation, it is actually quite remarkable how a rather fundamental ('constitutional'), seemingly extreme, abstract, overtly intellectual, academic, and – in European eyes – largely unpractical statement seems to have heralded many of the subsequent developments. These developments are now even perceived as the 'paradigm shift' in the praxis of public administration. In retrospect, the 'democratic administration' has become a fairly close description of contemporary European public sector reform movements. Whether it is the British new public management (NPM) movement, the Clinton-Gore attempt at 'reinventing government' or World Bank and OECD reports on public management reform, many of the items, slogans and principles suggested by Ostrom as the new PA paradigm, are returning in various ways:

- an entrepreneurial approach to government;
- a quality and performance-oriented approach to public management;
- an emphasis on improved public service delivery and functional responsiveness;
- an institutional separation of public demand, public provision and public service production functions;
- a linkage of demand and supply units by internal contract management, 'agencification', or contracting out, and
- whenever possible the retreat of government institutions in favour of commercial market enterprises (deregulation, privatization and marketization) and various forms of social organization and self-governance (neighbourhood government, common pool management, local communities).

In fact, Ostrom's analysis forecast large parts of the current practical reform movement in many of the European countries. One may even wonder whether Ostrom's forecast of this type of reform has not materialized even more in the European than the US context. In the US, 'reinventing government' only seems to have scratched the surface, whereas in the European context, various state systems are going through fundamental changes, all amounting to a more differentiated, pluralistic and 'decentrated' operation of government and public administration.

At the same time, however, there is a world of difference between the way neo-managerial questions, for example, are currently perceived compared to the way they were treated and introduced by Ostrom some twenty-five years ago. As a matter of fact, neo-managerialism is sometimes – and often correctly – represented as a form of neo-Taylorism: the

rebirth of the traditional, classical, paradigm, i.e. the paradigm which was the primary target of Ostrom's criticism of American PA.

What has happened in the meantime? Is the NPM of the late 1980s still the same as the public choice approach to PA in the mid-1970s? Does the later differentiation of public choice, network analysis and institutional analysis imply that efforts to combine these into one overarching paradigm for public administration have failed? Does the rivalry between 'utilitarian' public choice and neo-managerial approaches, and normative and 'value loaded' new institutional approaches in much of the current debate on public sector reform imply that they will never fit into one integrated approach to the study of an emerging 'new public governance' (NPG) in Europe? This development will inevitably render concepts of public administration, policy networks and public management 'traditional' and perhaps even obsolete. In that case, do we have to forget history and reinvent public administration under a different heading? Or may we start to use the knowledge base of public administration as a way into these newly developing research and consultancy topics?

### Three worlds of action

The study of public administration may be viewed as an approach as well as subject matter (Hesse 1995), a focus as well as a locus (Henry 1980). 'Government in action' – *Praxeology* – has been identified as the locus of the study of public administration since Woodrow Wilson (1887). Since then, we have seen the development of numerous and rather diverse theoretical approaches to this subject matter, both within and outside the proper boundaries of public administration as an academic discipline. Kiser and Ostrom (1982) have proposed a meta-theoretical framework for identifying different approaches, forms and modes of institutional analysis. I assume that a field like public administration (PA), defined as 'the study of institutional arrangements for the provision of public services' (Bogdanor 1991, p. 504), fits into Kiser and Ostrom's somewhat broader category. They distinguish 'three worlds of action': (1) operational choice, (2) collective choice and (3) constitutional choice. I also assume these can be understood as analytical building blocks for the analysis of different theoretical approaches to the study of 'government in action'.

The world of operational choice is the world of day-to-day actions and decisions within a given framework of rules and institutions. This is what we generally refer to as administrative practice where general rules, policies and programmes are applied and enforced with respect to concrete objects and issues. The individual decision maker, i.e. official, civil servant, bureau or agency, may be safely treated as a monolithic actor in a given situation and is the primary point of reference.

The world of collective choice refers to situations of joint decision making on policies and other collective arrangements (laws; rules; plans; collective strategies) which structure behaviour and decisions at the operational level

of decision making and can, in principle, be enforced against nonconforming individual actors or agencies.

The world of constitutional choice refers to processes of collective and joint decision making about the rules and principles guiding operational and collective choices. The world of constitutional choice is about meta-decisions: decisions on how to take collective decisions and conduct joint decision making.

The three worlds' approach has often been interpreted as an integrated hierarchical structure where the constitutional world determines the conditions in the collective choice world. The collective choice world subsequently determines the rules and events in the operational world of action. The three worlds, however, do not represent different layers in an hierarchical command structure, nor do they necessarily represent the sequential order of the events. Kiser and Ostrom present a much more dynamic model, and they sketch extensive examples of various feedback loops mutually connecting the different worlds. If there is a hierarchy, it is one of nested subsystems within subsystems or 'games within the games'. An actor operating on the basis of considerations in the operational world might bring about actions in the constitutional world. Small operational decisions may have large constitutional consequences: the tragedy of the institutional commons, for example. Feedback loops need not occur sequentially, but may occur simultaneously as well. Different theories, explicitly or by default, are based on different assumptions about the relations among the various levels of 'government in action'. Some postulate a hierarchical order while others think in terms of networks and interdependency relations or of more atomistic and symbolic interactions.

The three worlds approach may be applied to organizations but, more importantly, it opens up an understanding of public administration that goes very much beyond the organization. The three levels do not refer to different layers within a formal structure. Rather, they have to be understood as nested systems and subsystems of public policy, administrative behaviour or institutional macro structures.

### Configurative analysis

In the case of the three-world model, the locus, i.e. the subject matter, empirical event or unit of analysis, needs to be separated from the focus of analysis. The model of Kiser and Ostrom has mostly been interpreted as a way of (hierarchically) ordering characteristics of a locus, but it actually represents an organizational frame for arranging various theoretical ways of looking at a given (conceptualization of a) subject matter. The difference in levels of analysis suggests a different way of looking at the same phenomena. Each level of analysis allows for multiple conceptual and theoretical frames. An analysis at one level often presupposes given characteristics – *ceteris paribus* – of the system at another level. This leads to a fundamental notion of administrative analysis as a multi-level and multi-

dimensional activity. In both theory and practice, a one-dimension, one-level approach is more common, but this leads to numerous analytical and practical questions since, in doing so, an unjustified reduction takes place because different dimensions are often collapsed into one.

There are numerous examples to illustrate the point, but I will restrict the discussion here to three, rather randomly chosen examples: (1) contracting out, (2) integrated civil service systems and (3) neo-managerialism or new public management.

As an activity at the operational level of government, contracting out presupposes a competitive situation at the – constitutional level – and a well-developed and integrated system of tendering, monitoring and evaluation guarding a fair degree of integrity at the ‘collective choice’ level. We see many failures in this area since the contextual conditions are often not met and, in this case, contracting out is used merely as an instrument with universal qualities irrespective of contextual conditions at the collective choice or constitutional choice levels. Given this, ‘normal accidents’ are bound to occur. More generally, the application of ‘businesslike’ approaches at the operational level of government does not replace administrative or constitutional questions at the collective choice or constitutional choice levels. On the contrary, it may bring back an interest in ‘traditional PA questions’ of supervision, integrity, primacy of politics, control, accountability and due process. If one chooses a different way to operate the system, these principles do not have to be abandoned, but rather they must be innovated, modernized, and made fit for future circumstances in order to prevent the system literally running out of control.

As a second example, an integrated civil service training system like the ENA in France owes as much to the fact that it is the gatekeeper of the best jobs in government as to the quality of its curriculum. Countries that would like to copy the success of ENA should not only look at the operational activities within the school, but perhaps even more to the ‘constitutional’ position, i.e. a monopoly position in a Grand Corps system. For more pluralist administrative systems, this makes the concept much less attractive, let alone feasible. The curriculum might be adopted but not the ‘constitutional’ setting, and the ultimate result will very likely be frustrated expectations.

A final example is the concept of neo-managerialism of new public management. These approaches are often lumped together into an Anglo-Saxon, or worse, Anglo-American approach to be contrasted to, for example, a continental European governance tradition. In this kind of summary, different levels of analysis are easily thrown together, often creating misleading comparative images. The concept of governance refers to issues at the collective choice and constitutional levels of administrative systems. A tradition of ‘governance’ does not preclude an abundant use of managerial practices at the operational level of government as many public sector reform movements in the Scandinavian countries, the Netherlands, Ger-

many or France illustrate. Many of these countries have strong managerial traditions of their own, particularly at decentralized, local levels of government. Public administration as a discipline often started out at these levels (*Verwaltungswissenschaft*). It might be that in modernizing this managerial tradition, countries with a 'governance' tradition also make use of modern international management concepts. This is to be observed in many continental European systems including the Dutch, and the Germans are soon to follow.

At the same time, it is unrealistic to assume that managerial approaches in a centralist and unified 'constitutional' Westminster setting will lead to the same operational consequences as corresponding managerial concepts deployed in a highly fragmented, diversified and counterbalanced 'constitutional' setting like American federalism. From a public administration perspective – *government in action* – there is probably more that sets the British new public management apart from American managerialism and efforts to reinvent government than brings the two together. An entrepreneurial public choice approach is more easily converted into some new kind of corporate and business-like neo-Taylorism in the context of a centralist government structure than in a much more pluralist constitutional structure which, by the way, also characterizes several continental systems. Other than for polemic reasons, it makes little sense to combine the British and American experiences and contrast them with continental ones. Comparative public administration is in need of more subtle and differentiated conceptualizations which allow us to go somewhat deeper into the actual operation of the system instead of simply scratching the surface.

The three worlds approach may help in this respect. It calls for a configurative approach (Heady 1995) to whatever subject matter is under investigation. If the unit of analysis is the choices available to an individual, '... the individual enters the choice situations at the three levels as though the individual were three different individuals' (Kiser and Ostrom 1982, p. 215). In other words, one may review the same individual's decision from an operational choice, a collective choice or a constitutional choice perspective. The same could be said, of course, for various kinds of loci in the study of government, governance or public administration ranging from constitutional structures or arrangements for ordering policy making and collective choice to the activities of the individual minister, civil servant or street-level bureaucrat. But in order to get the complete picture and an adequate understanding of the subject matter at hand, one has to look at the configuration of characteristics of the subject at the operational, the collective choice *and* the constitutional level.

### **Units and levels of analysis in the development of public administration**

As a meta-theoretical framework, the three worlds approach may absorb a variety of theoretical approaches ranging from intra-organizational and

management theories to interorganizational approaches and institutional analyses. These approaches often perceive themselves as being different, and they often are. But the fact that a particular focus often comes with an almost exclusive attention to a particular locus – compare economics and markets, law and formal organization, political science and party politics, sociology and cultural groupings – should not preclude the fact that many crossovers may, and in fact do exist. If the differences in the approaches lie in the fact that they deal with different dimensions of the same subject matter, there is room for complementarity. This applies even if the approaches do not speak the same (conceptual) language – which is a different problem altogether.

The image of rivalling and contradictory approaches to public administration or public management is largely created by the presentation of different approaches as sequences of different developments. Ostrom's use of the paradigm concept has contributed to an idea of the complete incompatibility of the different approaches. However, the various approaches he distinguished have co-existed and survived, despite the adoption of the 'new paradigms'. This co-existence of seemingly incompatible approaches may leave one with the impression of total incoherence and PA as an unstructured hodgepodge of views on the same subject matter. The three worlds approach suggests different possibilities. At least part of this theoretical pluralism may have to be attributed to differences in levels of analysis.

If one looks at the developments up until the 1980s from this perspective, it is striking that not only the approach (focus) is changing over time, but that the subject matter (locus) is also shifting from approach to approach. The same subject matter is seldom studied by complete replication from a different theoretical perspective. Different approaches seldom use exactly the same empirical case material but add to it or deduct from it. Each new focus brought along a new locus for the study of public administration.

Ostrom, and many others with him have presented the developments in American administrative theory up until the 1980s in three successive stages. Different labels are used, but the overall development observed is more or less the same. Ostrom – and I will follow his language here – speaks of (1) the classical approach, (2) Simon's challenge and (3) democratic administration. In terms of the three worlds, the main line represented by the triptych identified by Ostrom is one in which the study of PA went increasingly deeper into the organization, using different concepts to describe the 'newly discovered' world of action. The different approaches, in turn, are accompanied by an interest in a different empirical world of 'government in action'.

The classical approach to public administration deals with formal legal structures, institutions and organizations, i.e. the 'constitutional' rules for government in action. The neo-organizational approach constituted by Simon's challenge deals with co-operative action (collective choice) within the given structures of the organization. Democratic administration, sym-



bolized by Ostrom's interpretation of the new political economy, but also the political systems or humanist systemic approaches brings the people, their networks, support structures, their politics and power struggles, their actual implementation activities and the government at the grassroots, i.e. the operational world of government in action, into the picture of administrative analysis.

Following this logic, we have to represent the development of public administration, not as a one-dimensional development of rivalling and mutually exclusive 'paradigms', but as a two-dimensional development in the subject matter and in the approach of public administration. Logically, there are several combinations of the two dimensions possible. Ostrom's classification of developments may be represented as follows in terms of the three worlds of government in action.

Figure 1 depicts a two-dimensional process: a development in locus and a development in focus; a development in PA and a development in the units and levels of public administration included in the analysis. Logically, the academic development sketched by Ostrom and many others actually represents only part of a larger possible meta-theoretical framework. The framework suggests various other possibilities for theoretical exploration. Between the time Ostrom published his analysis and Hood presented his interpretation of the state of the art, a number of these theoretical avenues have in fact been explored. As an overview, we explore two of these avenues: the rise of the new managerialism and of the new institutionalism.

Locus:	Government structures, institutions, organizations and organizational units	Intra-organizational behaviour, decision-making, processes, policy	Street-level, service delivery, implementation, programme management
Focus:	Formal blueprint relations and design	Wilsonian point of departure. <i>Classical perspective</i>	
Co-operation, means-ends relations		Simon's challenge <i>Organization theoretical perspective</i>	
Operation, multi-actor interdependency			Democratic administration, <i>Systemic political perspective</i>

FIGURE 1 Locus and focus in the development of PA up until the 1970s

### **The resurgence of (neo-)managerialism and (neo-)institutionalism**

The overall development in PA into the late 1970s represents a development towards an increasingly disaggregated analysis of 'government in action'. The actual development, and particularly its implications, are of course much larger and much more dynamic than can be represented schematically. Every new development contains new trade-offs, either for the previous locus or for the previous focus of research. Every new approach has a primary focus and locus, but – as the three worlds model suggests – they also carry assumptions which are explicitly, implicitly or by default about the operation of the other worlds of action. While the classical approach dealt primarily with the constitution of the rational organization, the approach contained specific assumptions about the collective choice and operational worlds within that organization as well, even if they were not spelled out.

Simon's approach to organizational behaviour started out as an organization study, but it contributed substantially to the later development of the study of policy. This was not limited to means-ends relations within organizations. The locus eventually spread out from operational policies of street-level bureaucrats to state policies. In terms of subject matter, policy studies clearly differ from the organizational locus which was typical for traditional PA. This subject matter, however, could be studied from the focus of the classical studies as well. In fact, this was what eventually happened, and it resulted in a transformation of 'rational organization analysis' into the 'rational' or synoptical policy analysis of the 1960s and 1970s. A new approach brought a new subject matter within reach of the classical approach. This new approach did not replace the former approach, but it changed, modified and innovated 'traditional' (monocentric) analysis. It changed guises from an 'organizational science' to a 'policy science', but the basic underlying centralist or monocentric thrust remained. And when a subsequent locus of implementation research was introduced, partly again on the basis of new theoretical assumptions of systems theory – 'opening the black box of government' – this locus also became the subject of research from the classical focus which developed, for example, into the so-called 'top-down implementation analysis'.

In the course of the process of the development of PA, new approaches were introduced and, just as relevant, the older approaches were adapted, enriched and modernized. Conceptualization was adjusted to the new subject matter, but the underlying operational assumptions often remained the same. Figure 2 provides some examples for illustration, without aiming to be exhaustive. Bottom-up implementation analysis is included here because, like Simon earlier, it challenged the presuppositions of top-down implementation analysis. Its analysis stayed within the frame of a hierarchical relationship, but it started at the other end. Bottom-up was more or less incorporated by top-down analysis partly in reaction to later approaches which altogether rejected the idea of hierarchy as the under-

Focus:	Locus:	Government structures, institutions, organizations and organizational units	Intra-organizational behaviour, decision-making, processes, policy	Street-level, service delivery, implementation, programme management
1. Constitutional choice level		Wilsonian point of departure	e.g. 'Synoptical Policy Analysis'	e.g. 'Top Down Implementation'
2. Collective choice level			Simon's challenge	e.g. 'Bottom up Implementation'
3. Operational choice level				The New Public Management  Democratic Administration

FIGURE 2 *Development of the classical (monocentric) perspective in development of PA*

lying structure of implementation replacing it, for example, by notions of evolution and co-production.

The traditional business management oriented approaches had already established their constitutional and institutional loci during the 1930s. In the 1960s and 1970s they dwelled at the collective choice level, studying budgets, personnel policies, administrative processes and techniques, organizational development, programming, planning and budgeting. By the early 1980s, they had reached the operational levels of government in action, the level of the street-level bureaucrat and of 'hands-on management'. It is here that the managerial approach as an analytical tool is perhaps most powerful and appropriate. It is the level of administrative analysis where few people would question the need for effectiveness, productivity and the reduction of wasted energy.

The new public management, neo-managerialism or neo-Taylorism acquired its 'new' label when a traditional (but well kept) approach was applied to a rather new subject matter – where it was quite at home, i.e. the operational side of government. Woodrow Wilson's statement that public administration was the 'business of government' – in order to distinguish

it from the 'non-working', formal and constitutional dimension of government that had received so much attention – acquired a completely different meaning for some.

Figure 2 illustrates an important point. In the course of the 1980s, neo-managerialism invaded the research area which Ostrom had intended to uncover for the study of public administration some ten years earlier: the operational world of individual citizens, civil servants, hands-on management, implementation and actual service delivery. While these two approaches belong in the same meta-theoretical box, they do not necessarily belong to the same theoretical approach. Both deal with the same type of issues often designated by similar concepts, but each does this from a completely different theoretical background. Neo-managerialism is rooted in monocentric theory, i.e. one organizational mission, stated goals, goal-driven behaviour, instrumentality. With respect to the same type of disaggregated levels of governance, Ostrom's approach was far more interested in questions of democracy, i.e. consensus building, legitimacy, variety, duplication, overlap, networks for self-regulation. Ostrom's approach was far less, if at all, interested in the question how to run government like a business.

The two theories have some similarities in that they are interested in the same level of analysis and disaggregation within the state system and they observe similar types of empirical phenomena, but they are distinctly different. Many of Ostrom's (and others') concerns were later picked up by managerial analysts, but treated from different assumptions. This does not make the managerial approach better or worse, it simply makes it different. It explains why the democratic administration and NPM can exhibit similarities and differences at the same time. Moreover, figure 2 (and the others as well) is a logical, not a chronological reconstruction. Ostrom's democratic administration is put in the same box as the neo-Taylorist approaches. This is not a pejorative nickname; it is simply an indication of an influential intellectual stream which deserves credit for constantly reformulating and 'modernizing' itself – even if it is not the approach one personally favours. By the time these approaches reached the meta-theoretical area where Ostrom began observing his 'intellectual crisis', he had already moved on to deal with questions at other levels of analysis. Most notably he became further interested in the 'constitutional' and some might say 'institutional' level of analysis in studying government in action, with the aim of reformulating a theoretical alternative for the monocentric, 'Taylorist' approach that in his opinion had started to dominate not only questions at the operational, but also questions at the constitutional level of analysis in public administration. More than the development towards neo-managerialism, Ostrom and the intellectual tradition he stands for have become part of the second development which characterizes the evolution of administrative theory in the 1980s: the resurgence of institutionalism.

### **New institutionalism**

The 'later' or 'new' approaches in the development up until the end of the 1970s were not restricted to the new locus they brought to the study of public administration. They carried implications for the study of the traditional loci as well. They changed the earlier foci. Organizations, co-operative and social patterns in organizations, and norms, rules, charters, constitutional designs were potentially to be studied from a different perspective. Ostrom was explicit about the fact that he did not want his 'disaggregated' analysis to refer only to how individuals govern their own affairs, i.e. the operational level. In fact, he largely left the elaboration of this dimension to his colleagues who empirically studied the operation and structure of public service industries, common pool resource management systems and other forms of collective action and collective choice at the level of operational and collective choice analysis. Ostrom himself primarily wanted to say something about the constitutional level of analysis in public administration and beyond. He continued to search for the implications of his 'disaggregated analysis' for the constitution of government and administration in a self-governing society (Ostrom 1991).

In other cases this development was more implicit. One may think, for example, about a study of governmental reorganization at the operational level of analysis (Cohen *et al.* 1972). This amounts to a 'garbage can model' of collective choice level and eventually changes into a statement at the constitutional level, which emphasizes the relative autonomy of political institutions into 'simply an argument that the organization of political life makes a difference' (March and Olsen 1984, p. 747). Figure 3 represents this development in a stylistic manner. Again this figure is only for illustration, and does not aim to be exhaustive.

### **PUBLIC ADMINISTRATION AS 'THREE WORLDS OF GOVERNMENT IN ACTION'**

This analysis does not suggest that we are only dealing with a puzzle of complementary approaches and that there is one coherent and overarching theory. There are clear conflicts, particularly in terms of whether questions at the constitutional, collective choice and operational levels of government in action have to be addressed from a hierarchical, holist, monocentrist, top-down steering perspective, or that the same questions are better understood from studying interdependencies in a fragmented, piecemeal, polycentric, and institutional governance perspective. Approaches based on these different operational assumptions tend to lead to rival hypotheses in just about every corner of the various worlds of 'government in action' distinguished here.

### **Continuities in administrative theory**

The framework helps us to incorporate Hood's later public management triptych into the picture of the longer term developments. He distinguishes

Locus:	Government structures, institutions, organizations and organizational units	Intra-organizational behaviour, decision making, processes, policy	Street-level, service delivery, implementation, programme management
Focus:			
1. Constitutional choice level	Wilsonian point of departure  New institutionalism		
2. Collective choice level	e.g. 'Garbage can models' and 'Common pool resource management'	Simon's challenge	
3. Operational choice level	e.g. 'Implementation structures' and public service Industries	e.g. 'Bureaucratic politics' and 'power in organizations'	Democratic administration

FIGURE 3 *The development of (multi-actor) new institutionalism in development PA*

three different systems or families of 'core values in public management', and he labels them under three different missions: (1) the mission to 'keep it lean and purposeful', (2) the mission to keep it 'honest and fair' and (3) the mission to keep it 'robust and resilient'. Hood stresses the conflicts between the three value systems he distinguishes and explores ways to reconcile them by way of a hierarchical, contingency or sequential approach. Our explorations here suggest a slightly different angle.

Hood observes that the '... three different "families" of values commonly appear in debates about administrative design. ... It cannot be claimed that these values are esoteric or extreme, or that they are not "administrative" values' (Hood 1991, pp. 10-11). Indeed, it is not difficult to detect a correspondence between the three core value-systems and the different approaches which have been used here to describe the development of public administration as a discipline up until the second half of the 1970s. Efficiency, transparency and a streamlined organizational design were major concerns of the traditional or 'classical' paradigm of public administration. The pluralistic nature of organizations as 'co-operative systems' and the need to reconcile various 'rationalities' and claims to legitimacy in the

context of one organization were basic notions from which Barnard and Simon operated. Adaptivity, system maintenance and survival, self-reproduction and the requisite trust and support of the environment for the administrative systems were important analytical concerns brought to the study of public administration by various systemic approaches.

If we look at it this way, Hood's different value systems actually represent an interpretation of the theoretical meaning of the three worlds of action in the context of public administration. Institutional economics, organizational sociology or political science provide different interpretations of this meta-theoretical framework. In fact, Hood's core value systems lay out what type of questions arise when different subjects – not only public management – are analysed from the perspective of the three worlds in the context of PA. Hood's analysis may, but need not, be restricted to the question of public management. The scheme may be equally well applied to the analysis of policy networks or institutional arrangements.

#### Robustness: constitutional choice values in PA

PA questions at the constitutional level of analysis refer to the robustness and viability of the design of the constitutional system, policies and man-

Locus:	1. 'Constitutions' Institutions and organizational configurations	1. 'Policies' Policy and joint decision making	3. 'Management' Implementation and operation
Focus:			
1. Constitutional choice: Institutional analysis: robustness, resilience and viability			
2. Collective Collective choice: Policy and Decision-making analysis: Integrity and legitimacy			
3. Operational choice: Management analysis: responsiveness and instrumentality			

FIGURE 4 A framework for plurality in PA

agement systems. They question an object, project, crisis, event or management system in its most fundamental sense by trying to look at the factors that 'constitute' a problem, 'a normal accident' (Perrow 1984), a dynamic civil society (Putnam 1992), a network for learning, or a responsive management system.

At the constitutional world of action and corresponding levels of analysis, the reliability of bureaucracy, the resilience of the system and the robustness of the design of the system are crucial questions. One may have different theories on how to make and keep it 'robust and resilient' – whether it is competition, duplication and overlap, or 'the strong man' – but these questions refer to the quality of the constitution of organizations, administrative systems, decision processes and even operational managers. In institutional design and other forms of constitutional action, the viability, institutional learning capacity, and innovative potential are important concerns. The same can be said about the ability to guarantee basic human rights (safety of life and limb, collective security and other constitutional rights that have been recognized as such whether they are written into a constitution or not). The ability to deal with social, economic or technical crisis and emergencies and the confidence that citizens have in their institutions, procedures and decision makers in many cases constitutes the test of success. A lack of social trust, the breakdown of institutions and procedures, the collapse of organizations and decision makers or catastrophes and the accumulation of risks are important indicators of a 'constitutional crisis'.

### **Integrity: collective choice values in PA**

At the policy or joint decision-making level, administrative questions generally refer to the integrity of the system. The question of integrity in PA systems should not remain limited to matters of corruption as is, unfortunately, often the case. The underlying question, also in the case of corruption, is: does the system do what it promises to do and what mechanisms and processes are being built in to secure this and grant the system 'a zone of acceptance' (Barnard 1938) or legitimacy? The collective choice level constitutional and institutional constraints and opportunities are given, but policy goals and performance standards for operational administrative action must be set. The general core administrative values refer to the quality of the collective choice or joint decision-making process. Democratic procedures are primarily meant to secure the integrity of the system. In liberal democracies, which are characterized by a constitutionally and institutionally induced degree of political pluralism, there is a functional separation of powers and a territorial division of labour; by definition, policy making is an intergroup, interorganizational, interjurisdictional and intergovernmental process. Therefore, values at this level of administrative analysis often refer to the procedural quality of decision making: the values



of the administrative state. Legitimacy, openness, democratic accountability and proper administrative procedures are key values, both in a legal and a political meaning, with a varying emphasis on one or the other depending on the legal tradition and constitutional context. The mutual balance between political power and democratic responsibility, the need for political accountability and a proper discharge of duties, procedural justice and due process are crucial elements in the problem of collective choice. Rectitude, integrity, a degree of fairness and mutuality in relations play an important role in various theories of collective action and the civil society. Unfairness, bias, discrimination and abuse of office and corruption are fundamental threats to the operation of collective choice. At the level of collective decision making, consent of partners, acceptance of decisions and the rewarding of legitimate political entitlements are essential for successful action.

### **Responsiveness: operational choice values in PA**

Finally, the operational level of analysis raises questions about the responsiveness and productivity of the system, organization or network in the light of (for the situation) given goals and within a given constraint and opportunity structure. Although management as a subject matter in the context of PA may and should be analysed from a constitutional or collective choice perspective, a managerial analysis questions the management, networks and constitutional characteristics from an instrumental point of view – whatever the nature and content of this instrumentality. That instrumentality needs to be established separately. There is no logical reason why the *Rechtstaat* could not be managed effectively. The instrumentality may serve human rights, environmental interests as well as blunt economic gain. There is no need to have the managerial level of analysis dominated by the latter type of substantial values. It takes a constitutional and collective choice analysis to see whether the values imposed upon or adopted by the management of the system (which might in a given situation quite well be a parliament for example) are characterized by a systemic mobilization of bias. Also, for management at any level within the governmental system, the implication is that the organization and management of political life may make a difference. An institutional analysis of management may be complemented by a managerial analysis of constitutions.

At the operational level of action, the goals of policy and standards of performance are (assumed to be) set. Activities and analysis concentrate on operations and questions of efficiency and effectiveness in light of given goals and constraints. Increasing purposeful action, matching resources to tasks for given goals and the pursuit of a lean organization, minimizing slack, reducing confusion and muddle and avoiding wasted resources are important values for operational action in about every activity. At the operational level, within the given constraints, (saving) time and money are the currency of success, particularly measured as production or service delivery

costs. The question of frugality, efficiency, and effectiveness may only be settled within given constitutional conditions and the parameters that characterize collective choice processes.

Obviously, different theories and models of robustness, integrity and responsiveness exist in PA. Different theories and models will also assume or postulate different linkages and feedback loops between the various levels, and therefore the different administrative value systems. Instead of emphasizing the differences and incompatibility, the framework suggests that it is worthwhile to fully explore the different dimensions of the same subject matter. This will give rise to rivalling interpretations, but these can often be reconciled once it is clear that the same phenomenon is simply being treated at another level of analysis. Duplication and overlap, for example, are evaluated differently in a managerial perspective from a constitutional one. It is not difficult, however, to appreciate that economy at the managerial level presupposes an absence of monopoly and therefore a degree of duplication and overlap (competition) at the 'constitutional level' of the system (Bendor 1985). The other way around: many specialists in disaster management will point at the value of duplication and overlap at the 'constitutional' level of the system in order to reduce vulnerabilities and provide safeguards for the reliability and resilience of disaster response systems. At the same time, however, few of them will advocate duplication and overlap in the actual operational management of the consequences of a disaster and plead for a 'streamlined approach'. The contradiction is only apparent since we are dealing with the same issue from two complementary perspectives.

Many of the so-called paradoxes in government or public sector reform would dissolve when put into the perspective of the three worlds. Paradoxes are usually the result of conflicting rationalities at different levels of analysis. The framework clarifies, for example, that reform and change at one level of analysis presupposes certain conditions at other levels of analysis. Joint decision-making processes might easily end up in joint decision traps when adequate provisions are lacking at the constitutional level and they can therefore not easily be detected by looking at the managerial tools and the organization of processes or the political will of actors involved (Scharpf 1995a and b). On the other hand, reforms at the constitutional level of public sector systems without an effective administrative and managerial infrastructure to put them into effect are bound to remain 'paper revolutions' (cf. Hesse 1993).

Speaking about 'value systems' does not mean that we are necessarily dealing with normative theory. Questions of robustness, integrity, instrumentality or responsiveness may be treated as subjects of 'positive' research. The interesting and compelling normative questions – indeed inherent to all PA – emerge once the three worlds start to put different demands, each from their own value system, on a specific event, person, bureaucrat, politician or public manager. The choice between the demands

of the different worlds would be a choice between values. The framework suggests that this type of normative analysis belongs to the core of PA as well.

### AND WHAT ABOUT NETWORKS?

The framework developed here may be used to map and categorize various approaches to the study of public administration. By way of illustration, figure 5 presents an overview which raises some fundamental questions regarding the role and position of network analysis in the overall ideational context of public administration.

The analysis provided here may explain how a fundamental entrepreneurial public choice critique of monocentric governance has developed into a managerial neo-Taylorist version of public service delivery structures. Similar concepts mean something quite different when used in relation to different operational assumptions. This applies to managerial or public choice analysis. It also applies to network analysis.

It is clear that network analysis poses some of the same challenges to traditional policy analysis as Simon did to 'rational' organization analysis.

Locus:	1. 'Constitutions' institutions and organizational configurations	2. 'Policies' Policy and decision-making	3. 'Management' Implementation and operation
Focus:			
1. Constitutional choice: Institutional analysis: robustness and viability	'Wilson's point of departure' vs. New institutionalism	'Common pool resource (CPR) management'	'The intellectual crisis in PA'
2. Collective choice: Policy and decision- making: Integrity and legitimacy	'Implementation structures'	'Network approach': New instrumentalism or Self-governance ?	'Garbage can models'
3. Operational choice: Management analysis: responsiveness and instrumentality	'Taylorism in PA'	'Rational policy analysis'	'New public management' vs. 'Democratic administration'

FIGURE 5 A framework for plurality in PA: random illustrations

The network concept brings about important insights, but has its limitations at the same time. The network concept is very useful in a setting or (national) academic tradition that focuses very much on formal government organizations as the primary locus of public administration research. It automatically broadens the relevant locus to the social, political and economic structures which are always involved in the business of government. The network concept takes public administration out of the narrow tunnel of formally designed structures and mandated organizations. The network concept should be used properly. Not any 'contact' or 'relationship' should be viewed as a network. If the network concept is not used loosely and the analysis is indeed restricted to relations and institutions that imply a form of interdependency, network analysis generally brings a new focus to the analysis of traditional questions and issues from a bargaining and exchange perspective.

The real issue, however, is not with the concept of networks, but with the underlying operational assumptions from which they are studied. If there is a schism in PA, it is not between institutional, managerial or policy network analysis, but between – in Ostrom's words (but other concepts apply as well) – a monocentric or a polycentric understanding of institutions, policy networks and public management. In many cases, network analysis is a revisionist approach – like the neo-organizational theories of Barnard and Simon in their time. Much of the network research, particularly the policy network research, amounts to a neo-instrumentalist perspective in PA. Much of the network analysis seems to find itself in the same situation as the participative management school (PMS) did earlier when dealing with a different (organizational) locus. Although open, democratic and 'bottom up' in nature, with attention to personnel development and all kinds of other 'participatory elements', the participative management approach was basically an instrumental approach in the interest of the management and the leadership of the organization. Much of the current network analysis is going in a similar direction, except that the locus is different – this time the locus is 'policies' not 'organizations'. Many network studies still begin and end by using officially declared government policy as the benchmark for mapping relevant relations and interdependencies. Few dare to question, for example, the relevance of official government policy for the way in which social, political or administrative networks actually operate. In many cases, the constitution, governance and management of networks is treated as if we are dealing with a new category of policy instruments, instead of a dynamic constellation of interdependency relationships which governs itself, sometimes using governments as its agents.

There are approaches using the network concept as well, but which operate from a different set of assumptions stressing the interdependency relationship as a basis for self-governance of relatively autonomous systems and subsystems. This still leads to a different concept of public adminis-

tration in which the role and meaning of government within various networks is to be proven and investigated instead of to be assumed a priori. In this sense, the 'intellectual crisis' does not seem to have been surpassed over the last twenty-five years. In any cases, the network concept brings what some would expect of it. It is useful for many purposes, but it is obviously not a sound and solid basis for refounding the study of public administration as a more or less integrated field of study. The real challenge is to integrate institutional, managerial and network concepts in the study of public administration. The fundamental differences that underlie theoretical pluralism in PA may better be mobilized along other dividing lines, trying to bridge an often self-imposed controversy between institutional and managerial approaches. Network analysis is a useful analytical tool but on the whole it provides only divided ground for rediscovering public administration in the study of public administration.

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# ORGANIZING BABYLON – ON THE DIFFERENT CONCEPTIONS OF POLICY NETWORKS

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A 'Babylonian' variety of policy network concepts and applications can be found in the literature. Neither is there a common understanding of what policy networks actually are, nor has it been agreed whether policy networks constitute a mere metaphor, a method, an analytical tool or a proper theory. The aim of this article is to review the state of the art in the field of policy networks. Special attention is given to the German conception of policy networks which is different from the one predominant in the Anglo-Saxon literature. While British and American scholars usually conceive policy networks as a model of state/society relations in a given issue area, German works tend to treat policy networks as an alternative form of governance to hierarchy and market. It is argued that this conception of policy networks goes beyond serving as a mere analytical tool box for studying public policy-making. Yet, both the German and the Anglo-Saxon conception of policy networks face a common challenge: first, it still remains to be systematically shown that policy networks do not only exist but are really relevant to policy-making, and second, the problem of the ambiguity of policy networks has to be tackled, as policy networks can both enhance *and* reduce the efficiency and legitimacy of policy-making.

## INTRODUCTION

'Network' has become a fashionable catch-word in recent years – not only in political science but also in a number of other scientific disciplines. Microbiologists describe cells as information networks, ecologists conceptualize the living environment as network systems, computer scientists develop neuronal networks with self-organizing and self-learning capacities. In contemporary social sciences, networks are studied as new forms of social organization in the sociology of science and technology (Callon 1986), in the economics of network industries and network technologies (Katz and Shapiro 1985), in business administration (Thorelli 1986; Powell 1990), and in public policy (Mayntz (ed.) 1983; Marsh and Rhodes 1992; Lehmbruch 1991; Benz, Scharpf and Zintl (eds.) 1992; Grande 1994; Héritier (ed.) 1993). The term network seems to have become 'the new paradigm for the architecture of complexity' (Kenis and Schneider 1991, p. 25).<sup>1</sup>

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However, the use of the network concept varies considerably between and within the different disciplines. They all share a common understanding, a minimal or lowest common denominator definition of a policy network, as a set of relatively stable relationships which are of non-hierarchical and interdependent nature linking a variety of actors, who share common interests with regard to a policy and who exchange resources to pursue these shared interests acknowledging that co-operation is the best way to achieve common goals. Beyond this basic definition, which is not completely uncontroversial either, a large and confusing variety of different understandings and applications of the concept can be found in the literature. Often, authors have only a vague and sometimes ambiguous idea of what a policy network is and hardly make it explicit. Whereas some consider policy networks as a mere metaphor to denote the fact that policy-making involves a large number and wide variety of actors, others acknowledge them to be a valuable analytical tool to analyse the relations between actors interacting with each other in a given policy sector. A third group of scientists perceive policy networks as a method of social structure analysis, but do not agree on using networks analysis as a quantitative or qualitative method. And while most would not contend that policy networks provide at least a useful toolbox for analysing public policy-making, only a small minority confer some theoretical power on the concept.

The aim of this article is to review the different policy network concepts found in the literature. Particular attention will be given to the predominantly German understanding of policy networks as an alternative form of governance to hierarchy and market. This conception has so far been neglected in the Anglo-Saxon literature where policy networks are usually conceived as a model of state/society relations in a given issue area. The article essentially structures the existing literature on policy networks along these two alternative conceptions. The first part is dedicated to what I call the 'interest intermediation school' of policy networks, which is contrasted with works of the 'governance school' in the second part of the article. Finally, the potential of the policy network approach for becoming more than a useful toolbox in analysing public policy-making is discussed. The article concludes that a theoretically ambitious policy network approach is facing two major challenges: first it has to be shown that policy networks do not only exist but are also relevant to public policy-making. And second, the problem of the ambiguity of policy networks has to be tackled as policy networks can both enhance and reduce the efficiency and legitimacy of policy-making.

## METHOD, MODEL OR THEORY?

There is a 'Babylonian' variety of different understandings and applications of the policy network concept to be found in the study of policy-making both in the domestic and European context. In order to structure the exist-



ing policy network literature, a first distinction is made along two dimensions:

- (1) *Quantitative versus qualitative network analysis*
- (2) *Policy networks as a typology of interest intermediation versus policy networks as a specific form of governance.*

This first distinction is about methods. Both quantitative and qualitative network approaches take networks as an analytical tool. The quantitative approach, however considers network analysis as a method of social structure analysis. The relations between actors are analysed in terms of their cohesion, structural equivalence, spatial representation using quantitative methods such as ascendant hierarchical classification, density tables, block models, etc.<sup>2</sup> The qualitative approach, on the other hand, is more process-oriented. It focuses less on the mere structure of interaction between actors but rather on the content of these interactions using qualitative methods such as in-depth interviews and content and discourse analysis. Yet, the two methodological approaches are not mutually exclusive but complementary (Sciarini 1996, p. 112).<sup>3</sup> This article therefore focuses on the more relevant distinction between policy networks as a typology of interest intermediation and policy networks as a specific form of governance.

### **Policy networks as a typology of interest intermediation versus policy networks as a specific form of governance**

Two different 'schools' of policy networks can be identified in the field of public policy. The more prominent '*interest intermediation school*' interprets policy networks as a generic term for different forms of relationships between interest groups and the state. The '*governance school*', on the other hand, conceives policy networks as a specific form of governance, as a mechanism of mobilizing political resources in situations where these resources are widely dispersed between public and private actors. This narrower conception of policy networks mainly draws on the works in the field of public policy.

The distinction between the two schools is fluid and not always clearly made in the literature. In any case, they are not mutually exclusive (see for example Katzenstein (ed.) 1978; Rhodes 1988; Marsh and Rhodes (eds.) 1992a; Grande 1994; Rhodes 1997). However, there is a major difference between the two schools. The interest intermediation school conceives policy networks as a generic concept which applies to *all kinds* of relations between public and private actors. For the governance school, on the contrary, policy networks only characterize a *specific* form of public-private interaction in public policy (governance), namely the one based on non-hierarchical co-ordination, opposed to hierarchy and market as two inherently distinct modes of governance. In the following, the two schools of policy networks are briefly described and some major works of each school are introduced.

### *1 Policy networks as a typology of interest intermediation*

Research into the relations between the state and societal interests (interest intermediation) was dominated for a long time by different versions of 'pluralism'. In the 1970s, pluralism became increasingly challenged by neo-corporatist theory (cf. Schmitter and Lehmbruch (eds.) 1979). Both models, however, have been repeatedly criticized for their 'lack [of] empirical relevance and, moreover, logical consistency' (Jordan and Schubert 1992, p. 8; cf. Rhodes and Marsh 1992, pp. 1–4). This criticism has prompted a stream of qualifications to the two basic models leading to a variety of 'neologisms' to describe state/group relations such as 'pressure pluralism', 'state corporatism', 'societal corporatism', 'group subgovernment', 'corporate pluralism', 'iron triangles', 'clientelism', 'meso-corporatism' (cf. Jordan and Schubert 1992). These refinements of the two models, however, also appear to be problematic because very often similar labels describe different phenomena, or different labels refer to similar phenomena, which often leads to confusion and misunderstanding in the discussion of state/interest relations. Some authors therefore suggested abandoning the pluralism–neo-corporatism dichotomy and developed a new typology in which the network is a generic label embracing the different types of state/interest relations.<sup>4</sup> For them, 'the network approach presents an alternative<sup>5</sup> to both the pluralist and the corporatist model. The policy network is a meso-level concept of interest group intermediation which can be adopted by authors operating with different models of power distribution in liberal democracies' (Rhodes and Marsh 1992, p. 4; cf. Jordan and Schubert 1992; van Waarden 1992; Kriesi 1994).<sup>6</sup>

The network typologies found in the literature share a common understanding of policy networks as power dependency relationships between the government and interest groups, in which resources are exchanged. The typologies, however, differ from each other according to the dimensions along which the different types of networks are distinguished.

While Grant Jordan and Klaus Schubert base their typology on only three main criteria – the level of institutionalization (stable/unstable), the scope of the policy-making arrangement (sectoral/trans-sectoral), and the number of participants (restricted/open) – (Jordan and Schubert 1992), Frans van Waarden uses seven – actors, function, structure, institutionalization, rules of conduct, power relations, actors' strategies – finally singling out three as the most important to distinguish between existing types of networks: number and type of societal actors involved, major function of the network, and balance of power (van Waarden 1992).

A less complex but as comprehensive policy network classification was developed by Hanspeter Kriesi. Drawing from the works of Schmitter (1974) and Lehmbruch (1979), Kriesi's classification is based on the combination of the two models of structural organization of systems of interest groups (corporatism and pluralism) and the two models of relations between state and interest groups in a political process (concertation and

pressure), whereby corporatism is linked to concertation and pluralism to pressure. Kriesi adds another dimension, the strength of the state (strong and weak state). This produces altogether four types of policy networks, each characterized by a specific set of properties (cf. Kriesi 1994, pp. 392–6; Sciarini 1996).

Michael Atkinson and William Coleman conceptualize six types of policy networks along two different dimensions: (1) the state structure in terms of autonomy and concentration of power, and (2) the capacity to mobilize the interests of employers (Atkinson and Coleman 1989; see also Katzenstein 1978).

Elaborating on Benson's definition of a policy network as 'a cluster or complex of organizations connected to each other by resource dependencies and distinguished from other clusters or complexes by breaks in the structure of resource dependencies' (Benson 1982, p. 148), Rod Rhodes distinguishes five types of networks according to the degree to which their members are integrated, the type of their members, and the distribution of resources among them.<sup>7</sup> He places his network types on a continuum ranging from highly integrated policy communities at the one end and loosely integrated issue networks at the other end; professional networks, inter-governmental networks, and producer networks lie in-between (Rhodes 1988). In contrast to many works on interest intermediation which focus on state/business relations, Rhodes has predominantly used his policy network model to analyse intergovernmental relations (Rhodes 1986; 1986a; 1986b; 1997).<sup>8</sup>

Stephen Wilks and Maurice Wright apply the 'Rhodes model' to the relations between government and industry (Wilks and Wright 1987). They introduce, however, three major modifications of the model. First, they stress the disaggregated nature of policy networks in the policy sectors, suggesting that government–industry relations have to be analysed at the sub-sectoral, not at the sectoral level. Second, they place considerable emphasis on interpersonal relations as a key aspect of the policy network,<sup>9</sup> while Rhodes, drawing from inter-organizational theory, strictly focuses on the structural relationships between institutions. And third, Wilks and Wright redefine the terminology of policy networks. They distinguish between 'policy universe', 'policy community', and 'policy network'. Policy universe is defined as 'the large population of actors and potential actors [who] share a common interest in industrial policy, and may contribute to the policy process on a regular basis'. Policy community is reserved for a more disaggregated system involving those actors and potential actors who share an interest in a particular industry and who interact with one another, 'exchange resources in order to balance and optimize their mutual relationships' (Wilks and Wright 1987, p. 296). And the policy network becomes 'a linking process, the outcome of those exchanges, within a policy community or between a number of policy communities' (Wilks and Wright 1987, p. 297).

A more fundamental distinction between different types of policy net-

works is the one between *heterogeneous* and *homogeneous* networks. This distinction is often overlooked; the vast majority of the policy network literature deals with heterogeneous policy networks, in which the actors involved dispose of *different* interests and resources. This heterogeneity of interests and resources creates a state of interdependence among the actors linking them together in a policy network where they mediate their interests and exchange their resources. Only a few scholars have (also) focused on homogeneous networks, in which the actors have similar interests and resources, such as so-called professional networks (Burley and Mattli 1993), epistemic communities (Haas 1992) and principled issue-networks (Sikkink 1993).<sup>10</sup>

To conclude, the policy network concept of the interest intermediation school has been widely applied to the study of sectoral policy-making in various countries. Policy networks are generally regarded as an *analytical tool* for examining institutionalized exchange relations between the state and organizations of civil society, allowing a more 'fine grain' analysis by taking into account sectoral and sub-sectoral differences,<sup>11</sup> the role played by private and public actors, and formal as well as informal relationships between them. The basic assumption is that the existence of policy networks, which reflect the relative status or power of particular interests in a policy area, influences (though does not determine) policy outcomes.

Some authors, however, strive for a more ambitious use of the policy network concept in studying forms of interest intermediation by attaching some explanatory value to the different network types. The underlying assumption is that the structure of a network has a major influence on the logic of interaction between the members of the networks thus affecting both policy process and policy outcome (Knock 1990; Lehmbruch 1991; Sciarini 1996 and the empirical case studies in Marin and Mayntz (eds.) 1991a and Marsh and Rhodes (eds.) 1992a). However, no hypotheses have been put forward which systematically link the nature of a policy network with the character and outcome of the policy process (Bressers and O'Toole 1994).

The Anglo-Saxon policy network literature mainly focuses on works of the interest intermediation school. Much less attention has been paid to the governance school. The following section therefore strives to give a more extensive introduction to the governance school focusing on the less known German literature.

## 2 Policy network as a specific form of governance

In the literature on governance, again two different applications of the concept of policy networks can be identified.

Many authors use policy networks as an *analytical concept* or *model* (especially in the field of policy analysis) to connote the 'structural relationships, interdependencies and dynamics between actors in politics and policy-making' (Schneider 1988, p. 2). In this use, networks provide a per-

spective from which to analyse situations in which a given policy cannot be explained by centrally concerted policy action towards common goals. Rather, the network concept draws attention to the interaction of many separate but interdependent organizations which co-ordinate their actions through interdependencies of resources and interests. Actors, who take an interest in the making of a certain policy and who dispose of resources (material and immaterial) required for the formulation, decision or implementation of the policy, form linkages to exchange these resources. The linkages, which differ in their degree of intensity, normalization, standardization and frequency of interaction, constitute the structures of a network. These 'governance-structures' of a network determine in turn the exchange of resources between the actors. They form points of reference for the actors' calculations of costs and benefits of particular strategies. Thus, the analysis of policy networks allows conclusions to be drawn about the actors' behaviour (Windhoff-Héritier 1994, pp. 85–88). However, policy networks here are only an analytical model, a framework of interpretation, in which different actors are located and linked in their interaction in a policy sector and in which the results of this interaction are analysed. Why and how single actors act, the policy network analysis can only partly account for by the description of the linkages between the actors. Hence, policy network analysis is no substitute for a theoretical explanation: '[N]etwork analysis is no theory *in stricto sensu*, but rather a tool box for describing and measuring regional configurations and their structural characteristics' (Kenis and Schneider 1991, p. 44).<sup>12</sup>

Some authors, however, go beyond the use of networks as an analytical concept. They argue that it is not enough to understand the behaviour of a given individual unit as a product of interorganizational relations (networks). The underlying assumption is that social structures have a greater explanatory power than the personal attributes of individual actors (Wellmann 1988). The pattern of linkages and interaction as a whole should be taken as the unit of analysis. In short, these authors shift the unit of analysis from the individual actor to the set of interrelationships that constitute interorganizational networks. While the analytical network concept describes the context of, and factors leading to, joint policy-making, the concept of networks as interorganizational relationships focuses on the structure and processes through which joint policy-making is organized, i.e. on governance. Policy networks are conceived as a particular form of governance in modern political systems (Kenis and Schneider 1991; Kooiman 1993; Mayntz 1993a). The point of departure is the assumption that modern societies are characterized by societal differentiation, sectoralization and policy growth which lead to political overload and 'governance under pressure' (Jordan and Richardson 1983).<sup>13</sup> 'Modern governance is characterized by decision systems in which territorial and functional differentiation disaggregate effective problem-solving capacity into a collection of sub-systems of actors with specialized tasks and limited competence and

resources' (Hanf and O'Toole 1992, p. 166). The result is a functional interdependence of public and private actors in policy-making. Governments have become increasingly dependent upon the co-operation and joint resource mobilization of policy actors outside their hierarchical control. These changes have favoured the emergence of policy networks as a new form of governance – different from the two conventional forms of governance (hierarchy and market) – which allows governments to mobilize political resources in situations where these resources are widely dispersed between public and private actors (Kenis and Schneider 1991; Marin and Mayntz 1991; Kooiman 1993; Mayntz 1993a; Le Galès 1995). Hence, policy networks are '*une réponse aux problèmes d'efficacité des politiques publiques*' (Le Galès 1995, p. 17).

In this view, policy networks are best understood as 'webs of relatively stable and ongoing relationships which mobilize and pool dispersed resources so that collective (or parallel) action can be orchestrated towards the solution of a common policy' (Kenis and Schneider 1991, p. 36). A policy network includes all actors<sup>14</sup> involved in the formulation and implementation of a policy in a policy sector. They are characterized by predominantly *informal* interactions between *public and private*<sup>15</sup> actors with distinctive, but *interdependent interests*, who strive to solve problems of collective action on a central, *non-hierarchical level*.

All in all, policy networks reflect a changed relationship between state and society. There is no longer a strict separation between the two: 'Instead of emanating from a central authority, be this government or the legislature, policy today is in fact *made* in a process involving a plurality of both public and private organizations'. This is why 'the notion of 'policy networks' does not so much represent a new analytical *perspective* but rather signals a real change in the structure of the polity' (Mayntz 1993a, p. 5).

The view of policy networks as a specific form of governance is most explicit in the works of some German public policy scholars like Renate Mayntz, Fritz Scharpf, Patrick Kenis, Volker Schneider, and Edgar Grande (the 'Max-Planck-School').<sup>16</sup> They start from the assumption that modern societies are characterized by functional differentiation and partly autonomous societal subsystems (Kenis and Schneider 1991; Mayntz 1993a). The emergence of these subsystems is closely connected with the ascendance of formal organizations forming interorganizational relations with other organizations on which they depend for resources. In politics, private organizations dispose of important resources and have therefore become increasingly relevant for the formulation and implementation of public policies. In this structural context, policy networks present themselves as a solution to co-ordination problems typical of modern societies.

Under the conditions of environmental uncertainty and increasing international, sectoral and functional overlap of societal sub-systems, policy networks as a mode of governance offer a crucial advantage over the two conventional forms of governance, hierarchy and market.<sup>17</sup> Unlike hier-

archies and markets, policy networks do not necessarily have dysfunctional consequences. While markets are unable to control the production of negative externalities (problems of market failure), hierarchies produce 'losers', who have to bear the costs of a political decision, (exploitation of the minority by the majority; cf. Scharpf 1992). Horizontal self-co-ordination of the actors involved in policy-making (voluntary or compulsive bargaining systems) is, on the other hand, also prone to produce sub-optimal outcomes: such bargaining systems tend to be blocked by dissent, preventing the consensus necessary for the realization of common gains.

There are two main problems discussed in the literature which can render consensus difficult or even impossible in a bargaining system: (1) the bargaining dilemma (known as prisoner's dilemma in game theory and regime theory), i.e. situations in which defection from co-operation is more rewarding for a rational actor than compliance, owing to the risk of being cheated (Scharpf 1992); (2) the structural dilemma, i.e. the interorganizational structure of horizontal co-ordination itself. Horizontal co-ordination between organizations is based on bargaining between the representatives of the organizations. These representatives are not completely autonomous in the bargaining process. They are subject to the control of the members of their organization. These intra-organizational 'constraints' have major consequences for the representatives' orientations of action and the reliability of their commitments made in interorganizational bargaining, rendering the finding of consensus in interorganizational bargaining processes more difficult for two reasons: first, due to the self-interest of the organizational representatives, and second, because of the insecurity caused by intra-organizational control and the need for intra-organizational implementation of interorganizational compromises (involuntary defection). The linkage of intra- and interorganizational decision-making processes in structures of horizontal co-ordination across several levels of government constitutes a bargaining system in which conflicts are not only caused by competing or antagonistic interests but also by the very structure of the system (Benz 1992).<sup>18</sup> Hence, the probability of producing common outcomes in a bargaining system linking together differently structured arenas, different actors and different interest constellations is relatively low (Benz 1992, p. 178).

The dysfunction of horizontal self-co-ordination, however, can be overcome when such co-ordination takes place either in the 'shadow of hierarchy' or within network structures. As hierarchical co-ordination becomes increasingly impossible in interactions across sectoral, organizational and national borders, actors have to rely on horizontal self-co-ordination within networks, which then can serve as a functional equivalent to hierarchy (Scharpf 1993). By combining the autonomy of actors typical for markets with the ability of hierarchies to pursue selected goals and to control their anticipated consequences, policy networks can overcome the major problems of horizontal co-ordination:

- (1) Networks are able to intentionally produce collective outcomes *despite* diverging interests of their members through voluntary bargaining (Kenis and Schneider 1991; Mayntz 1993a). Unlike 'exchange' and 'strategic interaction', which are based on the maximization of self-interest through cost-benefit calculations and which are prone to produce bargaining dilemmas, negotiations in policy networks are based on communication and trust and aim at achieving joint outcomes, which have a proper value for the actors. The negotiations to reach a common outcome in policy networks can be guided by either the perspective of reconciliation of interests (bargaining) or the perspective of optimal performance (problem-solving). The question is then under which conditions problem-solving (as the most optimal logic of negotiation to produce common outcomes)<sup>19</sup> dominates over bargaining. Different scholars have dealt with this problem (see Benz, Scharpf and Zintl (eds.) 1992). Solutions suggested are the institutional consolidation of a network (Scharpf 1993), overlapping membership in several networks (Scharpf 1991), the spatial and temporal separation of the search for a common solution from the distribution of costs and benefits (Zintl 1992; Scharpf 1992; Benz 1992; Mayntz 1993, p. 51), or the systematic combination of positive co-ordination (problem-solving) and negative co-ordination that is the consideration of third interests (Scharpf 1994).
- (2) Networks can provide additional, informal linkage between the inter- and intra-organizational decision-making arenas. Such informal linkages, based on communication and trust, overlap with institutionalized structures of co-ordination and link different organizations independently from the formal relationships between them. Networks help to overcome the structural dilemma of bargaining systems because they provide redundant possibilities for interaction and communication which can be used to solve decision-making problems (including bargaining dilemma). Networks do not directly serve for decision-making but for the information, communication and exercise of influence in the preparation of decisions. Interaction in networks is not exposed to constraints such as formal rules or assignments of responsibility. Besides, networks reduce transaction cost in situations of complex decision-making as they provide a basis of common knowledge, experience and normative orientation. They also reduce insecurity by promoting the mutual exchange of information. Finally, networks can counterbalance power asymmetries by providing additional channels of influence beyond the formal structures (Benz 1992).

To sum up, in an increasingly complex and dynamic environment, where hierarchical co-ordination is rendered difficult if not impossible and the potential for deregulation is limited because of the problems of market fail-



ure (Kooiman 1993), increasingly governance becomes only feasible within policy networks, providing a framework for the efficient horizontal co-ordination of the interests and actions of public and private corporate actors, mutually dependent on their resources (Kenis and Schneider 1991; Scharpf 1993; Mayntz 1993a).

However, networks are no final solution to decision-making problems in bargaining systems. Because of their self-dynamic, networks become very often 'quasi-institutional' arenas with their own structure of conflict and problems of co-ordination (Benz 1995). Besides, policy networks tend to be very resistant to change (Lehmbruch 1991). Finally, policy networks are often not exposed to democratic control and therefore suffer from a lack of legitimacy (Benz 1995; cf. Scharpf 1993a).<sup>20</sup> Hence, networks themselves create a dilemma: on the one hand, they perform functions necessary to overcome the deficiencies of bargaining systems, on the other, however, they cannot fully take the place of formal institutions because of their own deficiencies.<sup>21</sup>

It should be clear by now that the concept of policy networks as a specific form of governance does not constitute a proper theory. To explain the phenomenon of policy networks as a new mode of governance, the Max-Planck-School draws from the so-called *actor-centred institutionalism*, mainly developed by Renate Mayntz and Fritz Scharpf (1995), which is very often combined with other theoretical approaches such as game theory (Scharpf 1992; 1992a; 1993; Zintl 1992), theories of exchange (Marin 1990) or resource dependency theory (Marin 1990; Mayntz 1993; 1993a; Kenis and Schneider 1991).

Actor-centred institutionalism combines rational choice and institutionalist assumptions. Institutions are conceived of as regulatory structures providing opportunities and constraints for rational actors striving to maximize their preferences (Mayntz and Scharpf 1995). A major function of institutions is to overcome problems of collective action by constraining egoistic and opportunistic behaviour (Marin 1990; Scharpf 1992; Zintl 1992). Networks then are conceptualized as informal institutions – not formally organized, reciprocal (non-hierarchical), relative permanent relations and forms of interactions between actors who strive to realize common gains (Scharpf 1993, p. 72). Networks are based on agreed rules for the production of a common outcome. They reduce costs of information and transaction and create mutual trust among the actors diminishing uncertainty and thus the risk of defection (Scharpf 1992). Because of these functions, networks serve as an ideal institutional framework for horizontal self-co-ordination between public and private actors, on which policy-making is relying in an increasingly complex, dynamic and diversified environment where hierarchical co-ordination is rendered dysfunctional.<sup>22</sup> Public and private actors form networks to exchange their resources on which they are mutually dependent for the realization of common gains (policies) (Marin 1990; Kenis and Schneider 1991; Mayntz 1993; 1993a; cf. Rhodes 1988; 1997).

Yet, studies on policy networks are emerging which challenge the rationalist institutionalist approach of the Max-Planck-School by using *cognitive approaches* such as theories of learning or communicative action. The point of departure is a critique of the Max-Planck-School for neglecting the role of consensual knowledge, ideas, beliefs and values in the study of networks (Sabatier 1993; Majone 1993; Singer 1993). It is contended that policy networks are merely based on the common goal to produce certain policy outcomes which allow the actors to realize their self-interests. Members of a network share consensual knowledge and collective ideas and values, a specific belief system, i.e. 'a set of fundamental values, causal beliefs and problem perceptions' (Sabatier 1993, p. 127, my translation). Such '*advocacy coalitions*' (Sabatier 1993) or '*discourse coalitions*' (Singer 1993) are formed to influence policy outcomes according to the collectively shared belief system of their members. Pursuing their goals, advocacy and discourse coalitions do not resort to strategic bargaining but rather rely on processes of communicative action such as policy deliberation (Majone 1993) or policy change through policy learning, i.e. a change in the belief-system of advocacy coalitions (not only in the actors' behaviour as the result of external constraints or the convergence of their exogenously fixed interests) (Sabatier 1993).<sup>23</sup>

All in all, there is a growing number of works on policy networks which acknowledge that ideas, beliefs, values, and consensual knowledge do have explanatory power in the study of policy networks. However, the critique of rational institutionalist approaches towards policy networks overlooks a fundamental point: not only do ideas, beliefs, values, identity and trust matter in policy networks; they are *constitutive* for the logic of interaction between the members of a network. Scholars like Scharpf and Benz are absolutely right in arguing that policy networks offer a solution to problems of collective action by enabling non-strategic action based on communication and mutual trust. Communication and trust distinguish policy networks from other forms of non-hierarchical co-ordination and render them more efficient than those. Yet, by acknowledging the relevance of trust and communicative action (problem-solving, deliberation, arguing) as a way to overcome problems caused by strategic action (maximization of self-interest, bargaining), rational institutionalists start contradicting the basic

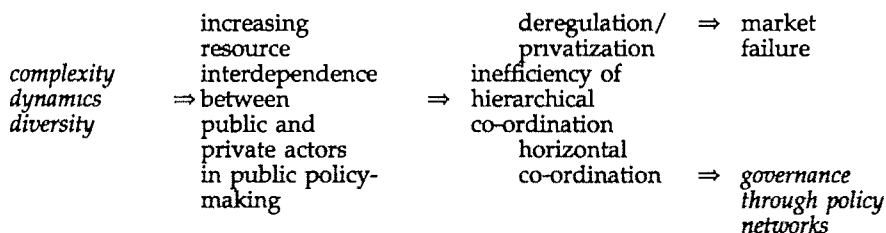


FIGURE 1 *The evolution of policy networks as a new form of governance*

assumptions of their theory, namely that rational actors always strive to maximize their exogenously given interest. The capacity of policy networks to overcome problems of collective action can only be accounted for when actors' preferences and interests are endogenized, i.e. not taken as given and fixed, and the role of shared ideas, values, identities and mutual trust in shaping and changing these interests and preferences is taken on board – something that cannot be done within a rational institutionalist framework.<sup>24</sup>

The latter part of this article has introduced different concepts of policy networks found in the literature and organized them along three dimensions which are summarized in figure 2.

### CONCLUSION: BEYOND AN ANALYTICAL TOOLBOX?

It's new, it's different, it's good looking, *BUY IT NOW* (Le Galés 1995, p. 13).

The aim of this article is to give an overview of the state of the art in the literature on policy networks. In order to clarify the often confusing variety of conceptions and applications of policy networks, the article organizes the different works around two 'schools': the predominantly Anglo-Saxon interest intermediation school, which treats policy networks as a typology of interest intermediation, and the German 'governance school', which conceives of policy networks as a form of governance or governing structure alternative to hierarchy and market. The governance conception of policy networks has only made a very recent appearance in the Anglo-Saxon literature (Rhodes 1997). This neglect is all the more regrettable as the governance conception may offer a more 'theory impregnated' policy network approach (Rhodes 1997, p. 159).

Policy networks have been intensively criticized in the literature (Rhodes 1986b; Atkinson and Coleman 1992; Marsh and Rhodes 1992; Schumann

Quantitative network concept	Qualitative network concept	
	<i>Interest Intermediation School</i>	<i>Governance School</i>
<i>policy networks as analytical tool</i>	policy networks as a typology of state/society relations	policy networks as a model to analyse non-hierarchical forms of interactions between public and private actors in policy-making
<i>policy networks as theoretical approach</i>	structure of policy networks as a determinant of policy process and policy outcome	policy networks as specific form of governance

FIGURE 2 *Concepts of policy networks*

1993; Smith 1993; Dowding 1994, 1995; Mills and Saward 1994; Bressers and O'Toole 1994; Kassim 1994; Thatcher 1995; Rhodes, Bache and George 1996). One of the major reproaches is that policy networks are not able to deploy any explanatory power. The general inability of the interest intermediation school to formulate hypotheses which systematically link the nature of a policy network with the character and outcome of the policy process seems to confirm the judgement that policy networks are not more and not less than a useful toolbox for analysing public policy.

Yet, there is a growing number of empirical works, especially in the field of European policy-making, which convincingly demonstrate the proliferation of policy networks, in which the different actors involved in policy-making (formulation and implementation) co-ordinate their interests through non-hierarchical bargaining<sup>25</sup> (see for example Peterson 1992; Marks 1992, 1993; McAleavey 1993; Grande 1994; Héritier, Knill and Mingers 1996; Bressers, O'Toole and Richardson (eds.) 1994; Schneider, Dang-Nguyen and Werle 1994; Rhodes 1997; Smyrl 1995). Unlike other theories which share a state-centric conception of governance based on a single (national) authority of hierarchical co-ordination in public policy-making, the policy network concept is able to conceptualize the emergence of political structures which are characterized by 'governing without government' (Rhodes 1997).

But policy networks do not only provide an analytical tool to trace and describe such changes towards 'governance without government' (Rosenau 1992). Embedded in a 'metatheoretical' framework, such as resource dependency theory, game theory or communicative action theory, a policy network approach can also provide some explanation for the proliferation of non-hierarchical co-ordination in policy networks. As demonstrated by the Max-Planck-School and others, hierarchical co-ordination (hierarchy) and deregulation (market) increasingly suffer from problems of efficiency and legitimacy in a complex and dynamic context of public policy-making. Policy networks offer themselves as a solution to these problems as they are not only able to pool widely dispersed policy resources but also to include a broad variety of different actors. What makes policy networks special is that they provide a governing structure which facilitates the realization of collective gains or goods among self-interested actors striving to maximize their individual utilities. But it is important to note that policy networks can also have quite the opposite effect. They can inhibit policy change (Lehmbruch 1991), exclude certain actors from the policy-making process (Benz 1995) and are far from being democratically accountable (Rhodes 1997). The Max-Planck-School has advanced a set of propositions of how to organize the non-hierarchical co-ordination in policy networks in order to avoid self-blockage and other structural inefficiencies. The legitimacy of policy networks, however, continues to be a major problem in political systems which are based on the principle of democratic accountability.

To conclude, a theoretically ambitious policy network approach faces two

major challenges. First, it still remains to be shown that policy networks do not only *exist* in European and national policy-making but are also *relevant* for policy process and policy outcome by, for example, enhancing or reducing the efficiency and legitimacy of policy-making. Second, once having empirically demonstrated that policy networks do make a difference, the question of the ambiguity of policy networks has to be tackled, that is the conditions have to be specified under which policy networks may enhance the efficiency and legitimacy of policy-making and under which they deploy the opposite effect. If the two schools joined their forces on dealing with these two major challenges, this could give rise to an interesting new research agenda for the study of policy networks.

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### NOTES

- 1 It would go far beyond the scope of this article to give a comprehensive overview of the emergence of the policy network concept in the literature. For the American literature see Jordan 1990, for the British literature see Rhodes and Marsh 1992, pp. 8–18; for the French literature see Le Galès 1995; Jouve 1995, and for the German literature see Héritier (ed.) 1993. For an overview of the policy network concept in the different scientific disciplines see Rhodes 1990.
- 2 For an excellent example of a quantitative network analysis see Sciarini 1996; cf. Laumann and Pappi 1976, Laumann and Knoke 1987; Pappi and Knoke 1991.
- 3 For an attempt to bring together the two concepts in a *policy-area network approach* see Pappi 1993, pp. 90–93.
- 4 Some authors, however, use networks only to denote a specific type of public-private linkages rather than as an overarching term for state/interest relations. Heclo, for instance, presents his 'issue network' as an alternative to the concept of 'iron triangle', which was used as a model for state-industry relations in the US in the 1950s and 1960s (Heclo 1978).
- 5 The term 'alternative' may be a little misleading here. Policy networks are understood as an umbrella concept which integrates the different forms of pluralism and corporatism as specific versions of networks. Some authors therefore question the added value of policy networks in analysing different forms of interest intermediation (Hasenteufel 1995). Yet, the governance school conceives of networks in fact as an alternative form of state-society relations different from pluralism and corporatism. Others assume that policy networks have been developed above all as an alternative to structural approaches such as neo-Marxism (Le Galès 1995, p. 17).
- 6 For policy networks as a better way of understanding the 'configurative aspects of interest intermediation' see also Lehmbruch 1991.
- 7 The original 'Rhodes model' included only one dimension: the degree of integration (Rhodes 1986). The other two were introduced after Rhodes had acknowledged that he had conflated two dimensions in his model: the degree of integration and the dominance of a particular group (Rhodes and Marsh 1992, p. 21).

8. For the application and evaluation of the Rhodes model in empirical case studies in a range of policy sectors (beyond intergovernmental relations) see Marsh and Rhodes (eds.) 1992a.
9. The emphasis on interpersonal linkages is shared by the French literature on policy networks (Jouve 1995).
10. I am grateful to Adrienne Héritier for pointing out to me the importance of the distinction between heterogeneous and homogeneous policy networks. She also suggested a possibility for conceptually linking the two different types of networks by arguing that homogeneous policy networks might serve as an important resource for actors involved in a heterogeneous network.
11. Many authors point out that one of the major advantages of a meso-level policy networks typology towards state-society relations over traditional macro-level typologies such as strong vs. weak states is that the policy networks typology can account for sectoral variations within the states (Wilks and Wright 1987; Lehmbruch 1991; Peterson 1992; Mazey and Richardson (eds.) 1993).
12. It should be clear by now that this branch of the governance school has strong affiliations with the interest intermediation school. They share a common research agenda addressing questions such as how and why networks change, what the relative importance of interpersonal and interorganizational relationships is, how networks affect policy outcomes, and which interests dominate in a policy network. And the scholars of both sides agree that the policy network concept itself is not able to provide complete answers to these questions. '[T]he concept of 'policy networks' is a meso-level one which helps to classify the patterns of relationships between interest groups and governments. But it must be used in conjunction with one of the several theories of the state in order to provide a full explanation of the policy process and its outcomes' (Marsh and Rhodes 1992, p. 268; cf. Kenus and Schneider 1991; Windhoff-Héritier 1994).
13. For a more detailed description of these features of modern societies see Kenis and Schneider 1991, pp. 34–6.
14. While some authors include all kinds of actors – corporate and individual – in their definition of policy networks (Windhoff-Héritier 1994), others conceive of policy networks as purely *interorganizational* relations excluding personal relationships (Marin 1990, Mayntz 1993, 1993a; Pappi 1993; Rhodes 1986, 1995).
15. Most of the authors assume – implicitly or explicitly – that policy networks consist of private and public actors. Only a few apply the concept of policy networks (also) to the study of relations between exclusively public actors (Rhodes 1986, 1986a, 1986b; Peters 1992).
16. Most of the scholars are or were related to the Max-Planck-Institut für Gesellschaftsforschung (MPIGF) located in Cologne, Germany.
17. There is no consensus in the literature whether policy networks constitute an inherently new form of governance. Some authors argue that networks are a hybrid form located somewhere in the middle of a continuum that has market and hierarchy as the two opposing extremes (e.g. Williamson 1985, Kenus and Schneider 1991). This holds true if the underlying analytical dimension is the degree of coupling. Markets are characterized by the absence of structural coupling between the elements, hierarchies by tight coupling, and networks, by definition loosely coupled, lie in-between. Others, however, see policy networks as a qualitatively distinct type of social structure which is characterized by the combination of elements belonging to the other two basic forms of governance: the existence of a plurality of autonomous agents, typical for markets, and the ability to pursue chosen goals through co-ordinated action, typical for hierarchies (Mayntz 1993a, p. 11, cf. Marin 1990, pp. 19–20, 56–58; Powell 1990). A third view emphasizes the character of policy networks as a supplement of hierarchy rather than a substitute for hierarchy (and market) (Benz 1995; Marin 1990).
18. Benz identifies different types of conflicts which are caused by a multi-level decision-making structure, such as the problem of decisions at one level provoking conflicts on another level or 'objective' (common) problems often getting a subjective interest dimension.

- sion due to institutional self-interests or the style of decision-making and conflict settlement within an organization (cf. Benz 1992, pp. 159–65).
19. For a discussion of the general differences between bargaining and problem-solving see Scharpf 1992 and Zintl 1992.
  20. For networks as a chance to legitimize a political system see Jachtenfuchs and Kohler-Koch 1996, p. 39.
  21. According to Benz, this dilemma or 'paradox of interorganizational structures' cannot be finally overcome. Networks and institutions form a dynamic structural context in which politics has to operate in a flexible way. Actors can cope best with this situation if they act 'paradoxically', i.e. act 'as if what is achieved was not intended' (Benz 1995, p. 204).
  22. For an attempt to formulate a sophisticated theoretical approach to explain the emergence of policy networks as a form of modern governance under conditions of complexity, dynamics, and diversity see Kooiman 1993).
  23. Sabatier, however, points out that policy learning is more likely to occur as a consequence of external shock rather than due to processes of communicative action (Sabatier 1993, pp. 122–6).
  24. For the general problem of rational choice approaches to account for processes of communicative action in formal and informal institutions see Muller 1994.
  25. This does not imply that European governance is exclusively based on non-hierarchical bargaining in multilevel policy networks. Hierarchical co-ordination and deregulation still play a prominent role in both national and European policy-making. Rather, it is argued that policy networks are becoming an increasingly important feature of European governance owing to their potential for increasing the efficiency and legitimacy of public policy-making

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# LINKING POLICY NETWORKS AND ENVIRONMENTAL POLICIES: NITRATE POLICY MAKING IN DENMARK AND SWEDEN 1970–1995

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The policy network literature has provided important insight into the way in which public policy is made in Western societies. Most network studies have focused on processes within networks and have paid little attention to the conceptualization of policy outcomes and the theoretical link between network type and policy type. This article defines and categorizes environmental policy and suggests a proposition on the link between network types and environmental policy types. It is argued that the existence of tight and closed policy communities in sectors subject to environmental regulation is associated with the introduction of low cost environmental policies. In contrast, open and loose issue networks are associated with high cost environmental policies.

## INTRODUCTION

Policy networks affect policy outcomes! This statement is the whole *raison d'être* of the British policy network literature: if networks do not affect policy outcomes, there is little justification for studying them. Most network studies are concerned with describing or modelling network processes rather than exploring the theoretical relationship between policy networks and policy outcomes. Surprisingly, network analysts fail to unpack the concept of policy outcomes. This is somewhat of a paradox given that network analysis aims to establish the relationship between policy networks and policy outcomes in order to show that policy networks make a difference in the making of public policy. Since the concept of policy outcomes has not been unpacked and categorized, network analysts have produced relatively weak arguments on the theoretical link between policy networks and policy outcomes. As a result, network analysts have not convincingly shown the importance of the network concept in public policy analysis. To demonstrate the importance of the concept, this article attempts to conceptualize and categorize public policy and to establish a causal link between network types and policy types.

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This weakness in the literature is perhaps what motivated Dowding (1995) to launch a heavy attack on policy network analysis. He claims that it is incapable of providing an explanation. Dowding's criticism means that network analysts must more convincingly establish the ways in which policy networks influence policy outcomes. The first step in this task involves the conceptualization and categorization of policy outcomes. The second step is to establish the causal relationship between network types and policy types. If such a link can be developed, the overall argument of network analysis, which is that policy networks affect policy outcomes, will be strengthened. Furthermore, if the causal linkage can be supported by empirical evidence brought about by the use of the comparative case study method, the argument would be even more robust.

Focusing on environmental policy making, this article attempts to answer the questions: (i) how can environmental policy outcomes be defined and categorized and (ii) how can they theoretically be linked with policy networks? The article is divided into five sections. The first section identifies the limitations of the British policy network literature as regards the relations between networks and policy outcomes. The second section accounts for the components of public policies, and the third section draws on the policy instrument literature to develop a categorization of environmental policy choices. The fourth section develops a proposition about the relationship between policy networks and policy choices. It is argued that when a tight and closed policy community exists within the sector subject to environmental regulation, policy makers tend to introduce a low cost environmental policy which passes the economic and political costs of regulation on to groups other than polluters. In contrast, if there is a loose and open issue network, the use of high cost environmental policies is more likely. Such a policy inflicts costs on polluters. The final section draws on material from a comparative case study of agri-environmental policy making in Denmark and Sweden to support the proposition.

## **POLICY NETWORKS AND POLICY OUTCOMES: A REVIEW OF THE BRITISH LITERATURE**

There are several approaches which apply the concepts of policy networks and sub-governments to describe the relationship between political actors involved in public policy making (see Daugbjerg 1998a, ch. 1 for a review of the network literature). Since the British network tradition is most concerned with the relationship between networks and outcomes, I shall focus on that tradition here.

Although the most quoted definition of a policy network may need to be updated to account for the roles of ideology, values, policy principles, etc., it actually highlights an important feature of a network: resource interdependency among actors. Following Benson (1982, p. 148) many network analysts define a network as: '... a cluster or complex of organizations connected to each other by resource dependencies and distinguished from

other clusters or complexes by breaks in the structure of resource dependencies'. A policy network will develop in relation to a policy or set of related policies when political actors exchange resources regularly. Any organization entering the policy process is dependent on other organizations for resources. Consequently, they have to exchange resources in order to achieve their goals (Rhodes 1981, pp. 99–102). Policy networks 'may become dissociated from the strategic choices of ... [the] formative phase and survive as institutional residues of past organizational options' (Lembruch 1991, p. 135). Thus, they tend to reflect past power relations (Marsh and Smith 1996).

Network analysts distinguish between two extreme network types: policy communities and issue networks. Some use the two concepts in a relaxed manner and make only limited theoretical claims about policy outcomes (Dowding 1995, pp. 138–9). Jordan (1990, p. 327), for instance, defines a policy community as 'a special type of stable network which has advantages in encouraging bargaining in policy resolution [and] ... exists where there are effective shared "community" views on the problem'. Following Heclo (1978), Jordan and Schubert (1992, p. 13) define an issue network as 'a relatively *ad hoc* policy making structure in which a large, and to an extent unpredictable, number of conflicting interests participate'. An issue network describes 'the politics of the *ad hoc* and the irregular' (Jordan 1990, p. 329).

Rhodes and Marsh (1992, p. 187) use the concepts of policy community and issue networks in a more formal way. They have developed a continuum along which networks can be ordered. It consists of four dimensions: membership, integration, resources and power. A policy community is characterized by:

a limited number of participants with some groups consciously excluded; a dominant economic or professional interest; frequent interaction between all members of the community on all matters related to the policy issues; consistency in values, membership and policy outcomes over time; consensus, with the ideology, values and broad policy issues shared by all participants; exchange relationships with all members of the community having some resources; bargaining between members with resources; and the hierarchical distribution of resources within the participating organisations so that leaders can guarantee the compliance of their members. There is a balance of power, not necessarily one in which all members equally benefit but one in which all members see themselves as involved in a positive-sum game (Rhodes and Marsh 1992, p. 186).

An issue network is characterized by:

competition between a large number of participants and a range of interests; fluctuating interaction and access for the various members; the absence of consensus and the presence of conflict; consultation rather

than bargaining; and an unequal power relationship in which many participants have limited resources and restricted access' (Rhodes and Marsh 1992, p. 187).

The approach associated with Rhodes and Marsh's work attempts to link networks to policy outcomes. Tight and closed policy communities tend to produce stable policy outcomes, while loose networks are usually associated with unstable policy outcomes. A policy community produces policy continuity because it 'constrains the policy agenda and shapes the policy outcomes' (Rhodes and Marsh 1992, p. 197).

Although some network analysts deal with the relationship between networks and policy outcomes in empirical studies (for example, Rhodes 1992), the issue is theoretically under-researched. In an attempt to establish the theoretical relationship, Smith (1993) uses Rhodes and Marsh's work as the point of departure. He argues that the keys to understanding policy outcomes are the ideologies and institutional structures of networks. However, although Smith makes an important contribution to the policy network literature, he does not, however, develop clear theoretical statements (or models) of which types of policies various types of networks produce. He merely indicates the importance of structures in policy making by showing the 'correlation' between the type of network and a broad, and not very precise, conceptualization of policy outcomes. Smith points out that a policy community's institutional and ideological structure limits the range of available solutions: 'Policy is limited to what is acceptable to the consensus within the policy community. The policy community is effectively a means of excluding certain policy options' (p. 71). In issue networks, by contrast, 'policy outcomes are likely to be more varied ... [because] ... it is much easier for groups to get alternative policy options onto the agenda' (ibid.). Smith does not sufficiently specify the way in which actors use the constraints and opportunities embodied in the structure of a network to have favourable policies adopted. Furthermore, he does not specify which policy types are associated with various network types. These problems arise because Smith does not sufficiently consider what constitutes a public policy and how it can be classified. Like other network analysts, Smith applies the concept of policy outcome in a way which is far too loose, broad and imprecise; he only classifies policy outcomes in terms of their stability or instability over time. In order to establish causal links between policy networks and policy choices, much more attention must be paid to the contents of policy. We can only establish why some interests benefit from policy outcomes and others lose if we understand policy choices. Thus, a proposition suggesting the links between policy networks and policy choices needs a clear conceptualization and classification of public policy. The policy network literature has paid insufficient attention to this problem and, therefore, the two sections to follow conceptualize and classify public policies.

## WHAT CONSTITUTES A PUBLIC POLICY?

In this article, the concept of public policy refers to the content of state intervention. Basically, a public policy includes two components. The first and most important component concerns policy instruments. A policy can consist of a single instrument or a set of instruments employed to achieve one or several objectives. Policy objectives are the second component of public policies. They can be formulated in broad and imprecise terms, or they may be specific and precise. Sometimes they are not even explicitly stated.

Instrument analysts have defined policy instruments in various ways. For instance, Salamon and Lund (1989, p. 29) define a policy instrument 'as a method through which government seeks a policy objective.' This definition is far too broad, resulting in a loss of precision. Instead, a policy instrument should be defined as a political means of bringing about a certain behaviour among individual members of the target group through learning, compulsion or the use of economic incentives (Daugbjerg 1995, p. 34). The choice of policy instruments is not merely a technical problem left to bureaucrats or experts but a highly political process (e.g. Daugbjerg 1995; Doern and Phidd 1983, p. 111; Hood 1983; Howlett and Ramesh 1994; Linder and Peters 1989, p. 36; Salamon 1981). Elmore (1987, p. 175) suggests that the choice of policy instruments 'has more to do with coalition politics than with their operating characteristics.'

Policy makers view the choice of policy instruments as more important than the choice of policy objectives (Sabatier 1986, p. 29; Vedung 1997) because instruments have immediate consequences, while a policy's objectives 'are something to be achieved in the future' (Doern and Phidd 1983, p. 112). Usually, politicians are more concerned with short rather than long-term decisions. Policy objectives can be achieved by the use of various instruments, and since the instruments have immediate consequences, they rather than the objectives tend to become the centre of political dispute. For instance, while it may be relatively easy to agree that agricultural nitrate pollution should be decreased, it makes a major difference to the participants in the policy process whether subsidies or taxes are used to achieve this objective. Furthermore, in agricultural policies, governments have achieved the objective of preserving farmer's income differently in the United States and the European Union. While the former has used direct payments to farmers, the latter has preferred price support. These examples show that there is no direct link between the choice of objectives and of instruments and, more importantly, they demonstrate that the choice of instruments, rather than of objectives, is the core of the policy process. We should therefore emphasize the choice of policy instruments in the attempt to link networks with policy choices.



## CLASSIFYING POLICY INSTRUMENTS AND POLICY OBJECTIVES

The idea of sub-dividing public policies goes at least three decades back. In particular, Lowi's (1964, 1972) work on the contents of public policies has been influential. However, his distinction between four categories (distributive, redistributive, regulatory and constituent policies) is far too broad to enable us to understand choices among policy instruments (Schneider and Ingram 1990, pp. 510–11). The political attributes of policy instruments are the focus of the policy instruments literature; however, it has not succeeded in developing universal categorizations. It has produced a large number of different typologies and classifications. Perhaps the problems of agreeing on a universal classification are associated with the fact that public policies deal with problems which are very different in nature, and consequently the nature of policies varies significantly.

This article limits itself to classifying environmental policy instruments. Environmental problems differ from problems in other policy areas. Unless the state compensates polluters for the costs of pollution control (which it often does), environmental policy requires that polluters bear the abatement costs (Wilson 1980). When a pollution problem is put onto the political agenda, polluters initially face concentrated costs which are very visible (Leone 1986) and are, therefore, controversial. Environmental policy also involves political costs because it, as a new policy, brings new participants into the policy process. Traditional participants see such incorporation as a political disadvantage if these new actors achieve control over the new policy, for instance by persuading politicians to use instruments which keep traditional actors away from influence. Thus, who are to bear the economic and political costs is the main concern in environmental policy making.

As already mentioned, a policy instrument is a political method which aims at bringing about a particular behaviour through learning, compulsion or the use of economic incentives. This definition suggests that policy instruments are based on three types of inducements: economic, legal or voluntary. Economic inducements work in two different ways; they can be positive or negative. As Vedung (1997) argues: 'In the positive case, a material resource is handed over to the agent, whereas in the negative case the individual or organization is deprived of some material resource'. Thus, positive inducements reward certain behaviour, typically by using subsidies or tax reductions. Negative inducements make an unwanted activity more costly, typically by the use of taxes, charges or fees. It is important to distinguish between the two types of economic inducements because they produce different distributive outcomes.

We can sub-divide legal inducements into prohibitions and prescriptions (Vedung 1991, p. 92, 1997). However, these two sub-types do not produce significantly different distributive outcomes. Thus, there is no reason to sub-divide legal inducements, complicating the classification more than

necessary. So, in classifying policy instruments on the basis of their inducements, we can distinguish between:

- positive economic instruments
- negative economic instruments
- regulatory instruments
- informative instruments

These instrument types produce different political and economic costs for polluters. Negative economic instruments and regulatory instruments are the two types which polluters tend to perceive as the most costly. On their own, positive economic instruments are beneficial; however, they are often used to lower the economic costs of implementing regulatory instruments. Informative instruments produce benefits because voluntarism allows polluters to ignore advice if they think it will impose costs upon them. Thus, they only follow advice when they believe they benefit from it. Because political actors are very aware of economic and political costs in environmental policy making, it is necessary to take a closer look at both regulatory and negative economic instruments.

We can assume that polluters perceive negative economic instruments as more costly than regulatory instruments both in economic and political terms. From the point of view of interest associations, negative economic instruments, for example green taxes, have the highest political costs because they create future uncertainty for polluters. In general, interest groups have limited control over the making of tax policies (see Damgaard and Eliassen, 1978, pp. 302–11). Therefore, they are not in a position to block future increases in the tax level and this creates uncertainty. By contrast, regulatory instruments provide much better opportunities for polluters to achieve control over the future policy process and therefore they create certainty. To implement such instruments, public authorities require information and knowledge which interest groups possess (Bressers 1995, p. 13). Further, to avoid implementation gaps, it is necessary for an implementing agency to obtain support from interest groups representing polluters. Both factors imply that polluters achieve a certain control over the policy process, which they cannot achieve in tax policy making.

Moreover, the costs of negative economic instruments are much more visible than those of regulatory instruments. The cost of a pollution charge or another type of green tax shows up on the balance sheet, whereas it is much more difficult to estimate the costs of complying with regulatory measures. For an interest association, there is a risk that visible costs will lead its members to think that it did not assert itself sufficiently in the policy formulation process and, thus, give rise to dissatisfaction within the association. No association wants this to happen.

At the enterprise level, regulatory instruments also have more advantages than negative economic instruments. They often allow negotiations on specific implementation between environmental inspectors and polluters. In

such negotiations, polluters can take advantage of having more information and knowledge on actual production processes than environmental inspectors. This means that polluters may be able to persuade environmental inspectors to accept those solutions which are the cheapest to implement. In economic terms, the two types of instruments also differ. In many situations, the economic costs of compliance for individual polluters are much higher for negative economic instruments than for regulatory instruments (see Svendsen 1996, p. 103 and Daugbjerg 1988a, ch. 4 on this point).

Besides being based on inducements, environmental policy instruments involve different modes of adjusting these to polluters' specific conditions. An instrument can be adjusted to individuals or enterprises in three different ways. At one extreme, the degree of individual adjustment is low; that is, the instrument is used in the same manner for all members of the group being regulated – it is universal. A simple and fixed tax on fertilizers is a good example. The tax is not adjusted in relation to individual conditions, for instance the quantity of animal manure or the choice of crops. At the other extreme, the degree of individual adjustment is high: the instrument is adjusted to the specific conditions facing each individual or firm. An example of this is an environmental regulation which states that polluters should use the best practicable means. The specific choice of equipment is thus dependent on each firm's production technology. In between these two extremes, instruments can be designed to take account of specific pollution problems within certain areas or industries. For instance, governments can specify special environmental regulations within environmentally sensitive areas.

The competitive characteristics of markets influence polluters' perceptions of individually adjusted instruments. While such instruments may be problematic in markets characterized by imperfect competition (Leone 1986, p. 17), they cause no problems for producers in markets with perfect competition. An industry is characterized by perfect competition when each individual market participant is unable to influence market prices. Such a market has many, relatively small, producers who produce similar products. Each producer has a market share which is far too small to influence market prices. In such markets, we can assume that producers perceive the costs of individually adjusted instruments as lower than those of universal instruments. Producers are price takers; thus they do not fear competition from other producers. They are therefore much more concerned with their own costs of compliance rather than with those of others. Firm A need not fear that firm B shapes the delivery of policy in a way which limits B's costs of compliance and thus become the more competitive. Indeed, it may be an advantage for all producers in the industry if some can limit the costs of compliance. The absence of competition implies that those who succeed in reducing costs have no reasons to keep their knowledge secret.

It can be assumed that producers in markets characterized by perfect competition perceive universal policy instruments as more costly than indi-

vidually adjusted instruments because the former 'are generally inaccurate and error-prone; that is, they may mis-define subjects or misdirect them' (Linder and Peters 1989, p. 46). Individually adjusted instruments, by contrast, are much more precise (*ibid.*). Since universal policy instruments sometimes misdefine and misdirect individual members of the target group, they tend to produce effects which are viewed as unfair. The costs of such instruments may be distributed in unintended ways. Individually adjusted policy instruments involve much lower risks of unintended consequences; therefore they are more acceptable. In pollution control, individualized instruments distribute costs in a way which inflicts the greatest costs on those who pollute most, whereas small polluters will only face limited costs. Polluters tend to view such a situation as fair.

The complexity of individually adjusted instruments is another reason they may be more acceptable than universal instruments. Complex instruments leave some room for flexibility as environmental inspectors cannot check whether the individual producer complies strictly with the rules. Consequently, producers can avoid some of the instruments' intended effects. However, experienced interest groups see a total refusal to implement instruments as unwise, since such groups do not act independently of the context surrounding them. They have allies (local communities, government organizations, politicians, etc.) on whom they rely for support in public policy making. Ignoring the demands of these allies could bring about new and costly policy measures in the future (Mitnick 1993, pp. 69–70). Attempts to get around the implementation may damage an interest group's political credibility. Therefore, experienced interest groups will try to persuade their members to comply with policy instruments having low perceived costs.

Environmental policy objectives are more easily categorized. They can be placed on a continuum. At one extreme, they are formulated in broad and imprecise ways and at the other extreme they are specific and precise. For polluters it is a great advantage to have the objectives formulated in general and imprecise terms because policies with such goals are difficult to evaluate. Evaluations can be carried out in various ways and can thus produce the results which different political actors favour. Such circumstances weaken the arguments of those who want tougher policy measures. By contrast, precise and specific policy objectives make it easy to evaluate achievements. Evaluations showing that goals have not been achieved may lead to the adoption of tougher policy measures in the future.

One can develop a policy continuum on which low and high cost policies are at the two extremes. The continuum is based on the point of view of those who are subject to regulation. Thus, low cost policies inflict limited costs on polluters whereas high cost policies put high costs on polluters. *Low cost environmental policies* use many informative and positive economic instruments and, usually, no negative economic instruments. If green taxes are employed, they are small and often reimbursed in various ways. Regu-

latory instruments are adjusted to individual conditions. Objectives are, if at all stated, formulated in broad and imprecise terms. Environmental low cost policies thus favour the interests of polluters. Informative instruments do not force costs on polluters; they are free to decide whether or not to follow advice. Positive economic instruments are usually used to create incentives for environmentally friendly behaviour but often they are also used to reduce the economic costs brought about by regulatory instruments; however, they rarely totally eliminate them. Regulatory instruments adjusted to individual circumstances ensure that polluters achieve a certain control over the implementation process and over future policy revisions. In addition, regulatory instruments are, in economic terms, likely to be less costly than negative economic instruments.

*High cost environmental policies* apply negative economic instruments and universal regulatory instruments but few informative and positive economic instruments. They have specific and precise objectives. Such policies do not favour the interests of polluters to the same extent as low cost policies because they put economic costs on polluters. Furthermore, in high cost policies, polluters have, due to the nature of the instruments, difficulties gaining control over the implementation process and over future policy revisions.

## POLICY NETWORKS AND ENVIRONMENTAL POLICY CHOICES

So far, I have developed an environmental policy continuum on which high and low cost policies are the two extremes. This section develops a theoretical proposition about the relationship between policy networks and environmental policy choices in sectors with perfect competition (or close to it). Further research is needed to expand some of the points to sectors with other market forms.

To analyse the influence of policy networks in environmental policy making, we need to understand the role of policy principles in public policy making. In the formative phases, members of policy networks attempt to generate a set of principles which constrain and facilitate the pursuit of certain interests. Policy communities are characterized by consensus on policy principles (Daugbjerg 1997, 1998a, 1998b). A consensus on policy principles reflects the fact that network members have a shared view on the broader economic, social and political objectives which the policy should forward. The principles tend to lay down the direction of policy for long periods because network members perceive them as obvious ways to cope with certain problems even when these problems have a different character from those which originally gave rise to these principles (Rothstein 1988, p. 38). Consequently, members of policy communities tend to apply well-known methods to handle new policy problems. By contrast, in issue networks, such principles, if established at all, have little influence on policy making and are subject to continuous change because members represent conflicting interests and, thus, favour different principles.

The most important principles within a network define the role which the state should play in a sector (Daugbjerg 1997, 1998a); that is, the definition of the extent and form of state involvement (Cerny 1990, p. 51). The dominant principles in a network can only be empirically established because they are related to who the members are and what sort of policy problems the network addresses. In networks dealing with sunset industries, for instance, network members tend to reach a consensus on principles prescribing intensive state intervention in order to save jobs and/or to safeguard incomes or profits. By contrast, in sunrise industries, network members are likely to agree that the role of the state is to establish and maintain markets. The use of principles in policy formulation means that policy will benefit the groups which network members represent, for instance by minimizing economic costs or maximizing benefits, or by contributing to the maintenance of a valued way of life (or even promote it). Further, the principles may ensure network members' political control over the policy field (or fields).

Since environmental policy is a relatively new issue on the agenda in Western countries, we need to consider how it interferes with old policy sectors before we can establish the relationship between networks and environmental policy choices. During the past three decades, environmental regulation has grown from being generally a marginal type of state intervention into an activity which increasingly makes an important impact on people's everyday lives and on the operations of enterprises. When the environmental issue was put onto the political agenda, the political institutions of the modern state were already well developed and environmentalists had, therefore, to manoeuvre within existing political structures. In many economic sectors, pollution control was initially conceived of as a disturbance of well-established orders and, therefore, an activity to be avoided, or at least restrained; polluters would not allow it to affect established sectoral policies. The introduction of pollution control would involve a demand for change which could easily challenge the network members' control over the policy sector. The new issue might enable environmental actors to gain access to the network because they could claim jurisdiction in the policy sector concerned. The existence of established political structures prior to the growth in the importance of environmental issues is the starting point for the development of the proposition linking policy networks and environmental policy choices.

Interest associations which represent polluters can use a policy community as a source of structural power in environmental policy making. Smith (1990, p. 39) argues: '[t]he basis of structural power is that rules, procedures and beliefs support the interests of the powerful without the powerful having to decide on every occasion what should be allowed on the agenda.' Since policy communities shape the agenda, they 'create power relations which privilege some groups over others' (Daugbjerg 1997, p. 128). When environmental issues have been put onto the agenda in a sector in

which there has been little or no environmental regulation, a political conflict over the control of the policy process is, thus, likely to develop. Since members of a policy community have a shared set of policy principles, they tend to recommend policy solutions with which they are already familiar. If an existing policy community consisting of interest associations representing producers and their traditional partners/allies within the state, say ministries of agriculture or of industry and trade, gains control over environmental policy making, its members tend to persuade government and Parliament to adopt a low cost policy. They are able to do so because, to a large extent, they control the technical expertise within their sector and have systematized information and knowledge of the environment in which policy is to be implemented. Thus, members of policy communities can pool policy relevant resources behind a certain policy position. Politicians who are keen to avoid unintended policy consequences and implementation failure often, but not always, accommodate the interests of policy community members. A low cost policy may share many features with existing sectoral policies because network members use well-established principles to underpin the choice of policy. Therefore, an environmental low cost policy distributes the political and economic costs in a way similar to that of the existing sectoral policy (or policies).

Members of issue networks are not as privileged as members of policy communities in terms of power in the policy-making process, but have to rely on their skills and other types of resources because issue networks are characterized by an absence of a consensus on policy principles. Therefore, policy making is not guided by certain established ways of dealing with policy problems, rather members compete to have their views accepted as the basis of policy solutions. In other words, issue network members only possess non-structural power because they cannot derive structural power from the network structure (Smith 1993, p. 73). Non-structural power refers to the exercise of power arising not from structure, rules, procedures and beliefs, but from situations in which actors apply their resources and skills (Smith 1990, p. 39). Thus, when environmental regulation appears on the agenda in a sector in which an issue network exists, polluters are in a weak position to influence policy choices. They can seldom use issue networks as a power base to gain control over the environmental policy process because such networks do not facilitate the mobilization of the other network members' support. There are no agreed policy principles which bind members together; they all tend to have differing views on the way in which to handle policy problems. Faced with a network which is split and which recommends various policy solutions, government and Parliament have several options. The disagreement among the members of the issue network, who to varying degrees represent the expertise within the policy sector concerned, creates room for manoeuvre for government and Parliament. Proposals on high cost policies are not met by a strong coalition opposing such policies and this creates opportunities for policy makers to

take into account other interests. In such a situation, high cost policies are attractive solutions because they have symbolic value; that is, they demonstrate that government is tough on polluters and this tends to be viewed positively by the electorate. Furthermore, high cost policies do not put strains on state budgets because they only use limited environmental subsidies; in fact, they may even raise revenue through green taxes. This revenue can be used to fund subsidies and other activities related to pollution control.

To sum up, it has been argued here that various policy network types can be causally linked to certain types of environmental policies. In sectors in which policy communities exist, there is a tendency for policy makers to introduce low cost environmental policies. In contrast, where issue networks are present, policy makers are more likely to introduce high cost environmental policies.

### **NITRATE POLICY MAKING IN DANISH AND SWEDISH AGRICULTURE**

The proposition presented above will be strengthened if it can be supported by empirical data. Needless to say, the more cases which confirm the proposition, the more robust it becomes. In this section, two case studies are conducted to test whether the proposition can be supported by empirical evidence. The comparison is based on theoretical replication which means that one picks cases which the proposition would expect to produce different outcomes (Yin 1994, pp. 45–50). In that way, we can test whether variation in environmental policy choices is associated with different types of policy networks as argued above. The choice of cases is based on variation in the dependent variable (here policy network types). The comparison between nitrate policy making in Denmark and Sweden utilizes the fact that agricultural policy networks differ in the two countries. Thus, the aim of this comparative case study is to examine whether differences in network types are associated with differing environmental policy choices.

#### **Denmark**

The Danish agricultural policy network demonstrates most of the characteristics of a policy community. The core of the network consists of the Ministry of Agriculture and the agricultural associations which are all affiliated to the Council of Agriculture. These network members share a view on which principles should underpin the choice of policy. The network also has an outer circle composed of the Consumer Council, the Economic Council of the Labour Movement, the Ministry of Industry, the Confederation of Danish Industries and the Chamber of Commerce, but these actors are of minor importance in agricultural policy making (Daugbjerg 1998a, ch. 7). The theoretical proposition would expect that the existence of such a network would produce a low cost nitrate policy.

The discussions on the Environmental Protection Law in the early 1970s



put nitrate pollution onto the agenda, but the issue was effectively excluded from the agenda by the environmental committee in Parliament, which concluded that the use of manure and chemical fertilizers could not be restricted unless sufficient knowledge was provided about the environmental consequences of using these two sources of plant nutrient. What is more, environmental demands on agriculture were not allowed to be unreasonable (Folketingets miljøudvalg 1973, col. 2200). So, until the late 1970s, agriculture was, in most respects, exempted from environmental policy (Andersen and Hansen 1991, p. 48). However, in the early and mid-1980s, environmental pressure on agriculture increased. Consequently, the agri-environmental issue could no longer be excluded. From the mid-1980s until the early 1990s, three action plans aimed at reducing agricultural nitrate run-offs were implemented. In November 1997, a majority in Parliament made a general decision to introduce new instruments into the nitrate policy, but the specific measures have not yet been agreed upon. The policy instruments being considered will not, however, change the nature of the nitrate policy, rather they will confirm it.

Although the core members of the agricultural policy community did all they could to gain control over the nitrate policy process, they only achieved control over certain parts of the policy. These parts were, nevertheless, important to the members of the agricultural community because they concerned the controversial issue of restricting fertilizer use. Other parts of the nitrate policy remained the responsibility of the Environmental Protection Agency (EPA); however, the contents of these parts were strongly influenced by the farm associations and the Ministry of Agriculture (Daugbjerg 1998a, ch. 5). Due to the consensus on policy principles, the Ministry of Agriculture and farmer associations could form a strong alliance against the Environmental Protection Agency and successfully oppose its attempts to introduce a general fertilizer tax. This alliance was in a strong position because it had the expertise to assess the economic and environmental consequences of using various policy instruments. The EPA had extensive knowledge about the seriousness of nitrate pollution; however, it did not have a monopoly on such knowledge. The Ministry of Agriculture had set up a special environmental research unit in order to counterbalance the data on agricultural pollution produced by the EPA (Pedersen and Geckler 1987, p. 113). Another factor which limited the power of the EPA was that it did not have much knowledge about the agricultural sector. For instance, it was not able sufficiently to estimate the economic consequences of its proposals. Within its own policy network, the EPA did not have access to resourceful actors who could compensate the EPA for its lack of technical expertise on agriculture. The Society for Nature Conservation did not have such resources but as a result of a large membership, it possessed political legitimacy. However, this did not seem to impress the members of the agricultural policy community; they valued agricultural insights based on economic and natural science analyses.

The existence of a strong alliance between farmers and the Ministry of Agriculture meant that the agricultural policy network had a monopoly over agricultural expertise. This was used to persuade a majority in Parliament to adopt a low cost nitrate policy. In other words, Danish farmers successfully used their structural power to influence the choice of policy. Although the use of various types of taxes in the nitrate policy has been discussed occasionally, it applies no negative economic instruments (green taxes). The policy uses several informative instruments, and from 1987 to the end of 1994 it employed positive economic instruments (subsidies). From 1987 until 1992, the state covered between 25 per cent and 40 per cent (depending on farm size) of the costs of enlarging manure storage facilities, the maximum amount being 100,000 Danish *kroner* (£9,877, 1990 average exchange rate) (Lov no. 16, 1987). In 1992, the subsidy rate was set at 35 per cent and the upper limit was increased to 150,000 *kroner* (£13,465) (Lov no. 1172, 1992). The major policy measure of the Danish nitrate policy is a very complicated regulatory instrument which adjusts regulation to the production conditions of each farm. Farmers are legally obliged to make an annual fertilizer and crop rotation plan which balances the supply of manure and chemical fertilizers with the demands of the crops in order to avoid over-fertilization. To make sure that farmers comply, they are legally required to render fertilizer accounts (Daugbjerg 1998a, ch. 5).

The first action plan did not formulate policy objectives, but the second plan, adopted in 1987, required farmers to reduce nitrate run-offs by 50 per cent within three years. Since this objective turned out to be impossible to reach, its fulfilment was later postponed until the year 2000. Farmers did not strongly oppose the run-off goal, presumably because they preferred that objective to specific targets for the reduction of fertilizer consumption which they perceived as worse than the run-off goal. In fact, such targets were discussed in 1986.

### Sweden

To further strengthen the proposition, I shall analyse the Swedish case to establish whether the existence of an agricultural policy network which is significantly less tight than that in Denmark is associated with the introduction of a high cost environmental policy.

The Swedish agricultural policy network is not an issue network, which would have been ideal for the empirical test of the theoretical proposition. However, it is sufficiently close to this end of the Marsh and Rhodes continuum and sufficiently different from the Danish agricultural network for our proposition to predict that it would be associated with the introduction of a high cost nitrate policy. Up until the early 1960s, the Swedish agricultural policy network was a typical agricultural network which consisted of the farmers' associations and state agricultural authorities but, in 1963, the Consumer Delegation, which consists of representatives from the trade unions, the Cooperative Union and Wholesale Society and wholesale trad-

ing companies and business associations not belonging to the farmers' movement, achieved the right to participate in the price negotiations between farmers and the state. As such, consumers gradually achieved considerable influence in agricultural policy making (Micheletti 1990, pp. 94–7, 133; Steen 1988, pp. 214–18). This network change is closely associated with the fact that, in the late 1950s, the Centre Party changed from a party representing farmers' interests into a party which wanted also to represent middle class voters. In the same period, the Social Democrats upgraded their concern for consumer interests at the expense of smallholder interests (Steen 1988, ch. 8). The entry of a counterbalancing power into the network prevented the network from developing a consensus on policy principles and, thus, curbed the power of farmers, but it did not prevent farmers from being subsidized at a level above that of EC farmers. However, the membership of consumers may have prevented the level of subsidies from increasing to the high Norwegian level (Daugbjerg 1998a, ch. 7). The next step of the analysis is to examine whether the existence of this network type is associated with the adoption of a high cost nitrate policy as predicted by the theoretical proposition.

Swedish farmers were subject to environmental regulation after 1969. The departmental order accompanying the Environmental Protection Law required large farms to apply for a farming licence. Environmental authorities could, if necessary, require that farmers had sufficient acreage for manure spreading and manure storage capacity for five to six months before they issued licences. In 1972 the rules were changed so that more farms were required to apply for environmental licences. Moreover, subsidies became available for investments in pollution control (Daugbjerg 1998a, ch. 5). On paper, the regulations seemed relatively tough for that period. However, they were only implemented to a limited extent: 15 years after the adoption of the Environmental Protection Law, the requirement on manure storage capacity had not yet been implemented on all farms (Swedish Government 1988, p. 25). It was not until the mid-1980s that environmental regulation became intensive.

Up until the 1980s, Swedish farmers did not oppose environmental regulation in agriculture, but as environmental pressure increased and fertilizer taxes and other policy measures which farmers opposed were discussed, their interests changed. Thus, Swedish agri-environmental policy making became more contested in the 1980s. Farmers were in a relatively weak position because they could not use the agricultural policy network as a power base. The two agricultural authorities which administered the agricultural policy complex did not side with the farmers. The State Agricultural Board which was responsible for farm rationalization policy and the agricultural advisory service and later became responsible for the implementation of important parts of the agri-environmental policy tried to place itself in an intermediate position. This was demonstrated when it accepted the use of fertilizer taxes, provided that the tax revenue was spent

on agri-environmental policy measures. The absence of a strong alliance between farmers and state agricultural authorities meant that farm interests could not gain a monopoly over agricultural expertise and, clearly, this enabled environmental interests to have a considerable say on agri-environmental policy making. The Swedish farmers' lack of structural power is clearly associated with the choice of a high cost nitrate policy.

The Swedish nitrate policy was developed during the 1980s and early 1990s. It uses a negative economic instrument; a fertilizer tax of 5 per cent was introduced in 1984. It was increased to 10 per cent in 1988 and to 27 per cent in 1994. Regulatory instruments are *not* adjusted to the specific condition on each farm but only take regional conditions into account; for instance, the legal requirements for manure storage capacity are stricter in some regions than in others (Daugbjerg 1998a, ch. 5, personal communication Swedish Agricultural Board, December 1997). Like the Danes, the Swedes use several informative instruments and they have also employed positive economic instruments (subsidies), but only between 1989 and 1991 (in Denmark they were used for eight years). Subsidies were used to motivate farmers to sow catch crops (crops used to take up nitrate during the autumn and winter). More importantly, investments in the enlargement of manure storage facilities were subsidized. It is important to point out that this type of subsidy was significantly lower in Sweden than in Denmark: the state covered 20 per cent of the enlargement costs at each entitled farm, the maximum amount being 25,000 Swedish *kroner* (£2,275) (SFS 1989: 12).

The objectives of the Swedish nitrate policy are tougher than those of the Danish nitrate policy. In 1988 it was decided that nitrate run-offs should be reduced by 50 per cent by the year 2000, but in 1991, the deadline was changed to the year 1995. The nitrate policy operates with a specific objective on the reduction of fertilizer consumption: a 20 per cent reduction by the year 2000. The medium term goal was a 10 per cent reduction by 1992 (Daugbjerg 1998a, ch. 5).

### Summing up

The comparison between Danish and Swedish nitrate policy making supports the theoretical proposition linking policy networks and environmental policy choices. The Danish case of nitrate policy making demonstrates that the existence of an agricultural policy community in which there is a consensus on policy principles is associated with the introduction of a low cost environmental policy. The Swedish case shows that the existence of a tripartite agricultural network consisting of state agricultural authorities, farmers and consumers in which there is no consensus on policy principles is associated with the adoption of a high cost nitrate policy. It is, however, important to point out that the purpose of this article is not to present a fully-fledged explanation of agri-environmental policy making in Denmark and Sweden but to develop a theoretical proposition concerning the link

between policy networks and environmental policy choices. The main purpose of the comparative case study is to test this proposition empirically.

## CONCLUSION

It has been argued here that the policy network literature has paid relatively little attention to policy outcomes. To remedy this shortcoming, this article defines outcomes in terms of the contents of public policies. Since the nature of the policies which the modern state uses to cope with various problems varies significantly, political scientists have not yet been able to develop fruitful universal policy classifications. For this reason, this article develops only a classification of environmental policy.

The article uses a policy continuum with low and high cost environmental policies at the two extremes. Low cost environmental policies use many informative instruments (for example advice) and positive economic instruments (for example subsidies). Usually, they employ no negative economic instruments (for example, green taxes), and regulatory instruments (for example prohibitions and prescriptions) are adjusted to individual conditions. The objectives of environmental low cost policies are, if they are stated at all, formulated in broad and imprecise terms. High cost environmental policies apply few informative instruments and few (if any) positive economic instruments. They use negative economic instruments and universal regulatory instruments and have specific and precise objectives.

Theoretically, policy networks can be linked to environmental policy types. I have argued that when a tight and closed policy community, consisting of producers and their traditional negotiating partners/allies within the state, exists within the sector subject to environmental regulation, policy makers tend to introduce a low cost environmental policy. In contrast, if there is a loose and open issue network, in which conflicting interests are represented, the use of high cost environmental policies is more likely. Evidence from nitrate policy making in Denmark and Sweden supports this proposition.

In order to strengthen the theoretical arguments of policy network analysis, we must pay more attention to policy outcomes. Although this article attempts to take a step in that direction, there is still a good way to go. We need to develop policy categorizations which extend beyond environmental policies; that is, categories which are universal and as such cover various policy areas. Then, we need to examine the relationship between the categories and different types of policy networks.

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# MANAGING HORIZONTAL GOVERNMENT: THE POLITICS OF CO-ORDINATION

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B. GUY PETERS

... no phrase expresses as frequent a complaint about the federal bureaucracy as does 'lack of co-ordination'. No suggestion for reform is more common than 'what we need is more co-ordination' (Pressman and Wildavsky 1984, p. 133)

Without interest opposition, co-operation would not be necessary, and without interest interdependence it would not be possible (Marin 1990, p. 60)

The administrative Holy Grail of co-ordination and 'horizontality' is a perennial quest for the practitioners of government (Jennings and Crane 1994). From the time at which governing structures began to be differentiated into departments and ministries there have been complaints that one organization does not know what another is doing, and that their programmes were contradictory, redundant, or both. Despite the centrality of co-ordination problems in government the issue paradoxically is almost never a high priority for key actors (Challis *et al.* 1988, p. 106) in government. As Hanf noted almost two decades ago (1978, p. 14) the under-involvement of political actors in co-ordination is but one of many paradoxes in the study of co-ordination in the public sector. Hanf pointed out that advocates of enhanced co-ordination tend to call for intentional actions that would extend well beyond those possible through only voluntary co-ordination. However, when structural problems inherent within the public sector blocked effective co-ordination the same advocates would fall back upon the argument that the only solutions for co-ordination were voluntary actions by individual organizations. This co-ordination cycle would then begin again.

The nature of contemporary government exacerbates their inherent co-ordination problems. A number of changes in government make co-ordination more difficult:

- Despite pressures to reduce their activities, governments have become involved in more aspects of the economy and these multiplying activi-

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ties mean that the probabilities that any one programme will generate significant effects for other programmes have increased.

- Governments are adding to their co-ordination burdens by disaggregating previously existing ministerial structures into multiple 'agencies' (Greer 1994; Boston 1991, 1992, 1996) expected to act more or less autonomously.
- The fiscal problems that many governments now confront make co-ordination more important, given that it may be an easy means of eliminating redundant and inconsistent public programmes, and eliminating some seemingly unnecessary government costs.
- A more subtle change in governance is also making co-ordination and interorganizational politics more important (Pollitt 1995). The market model has become the dominant approach in the public sector, but there are competing approaches (Peters 1996a). One alternative is enhanced participation. Participation by clients is used as a means of ensuring that government 'serves the customer', while maximizing involvement by government employees within their organizations increases the quality of the services being produced. That focus on clients and workers within the single organization makes co-ordination less probable.
- Governments also are accentuating the general trend towards incoherence by decentralization. In many instances decentralization can have positive effects, but it may also produce difficulties in effective policy making, especially co-ordination (Sen (1976)).
- Finally, the structural changes have been confounded by the issues which governments must process. Issues are becoming increasingly 'cross-cutting', and do not fit the ministerial boxes into which governments, and policy analysts, tend to place policies. Many such issues are structured around client groups, for example the elderly, immigrants, aboriginal populations, women, etc. who require services from a variety of departments.

## CONCEPTS AND THEORY

Before proceeding further I should first define what I mean by co-ordination. This term is used with almost universal approbation but less often defined. I refer to co-ordination as an end-state in which the policies and programmes of government are characterized by minimal redundancy, incoherence and lacunae. Some definitions of co-ordination, for example Mulford and Rogers (1982) and Dunsire (1978, p. 16), refer to that concept as a process but for this analysis it appears more appropriate to focus on the degree to which co-ordination is achieved and then assess the importance of different potential 'causal' factors. Other definitions (Kochen and Deutsch 1980) emphasize the hierarchical nature of co-ordination, ignoring alternative mechanisms for achieving the desired outcome through more loosely coupled interorganizational processes. In this discussion co-ordination is a

continuum, not a dichotomy, and programmes are called more or less co-ordinated based upon the extent to which they achieve a specified end state (Metcalf 1994). At a minimal level organizations are cognizant of each others' activities and make good faith efforts not to duplicate or interfere. This is a desirable pattern of behaviour and an improvement over much existing behaviour, but appears unlikely to address most serious problems in government.

A maximalist definition is too severe for most scholars and most practitioners. It requires tight controls over organizations and a means of enforcing jurisdictional controls over disputed turf or of demanding services in service gaps. A maximalist definition also might require developing substantial uniformity in the standards of treatment across a country. Further, this level of co-ordination might require a level of omniscience and omnipotence that few public sectors possess. Who, for example, could enforce such a system, even if it were acceptable to the actors involved? That is especially true given the current mood of empowerment, decentralization and entrepreneurship in the public sector.

Co-ordination questions were central to some seminal work on inter-organizational politics (Hanf and Scharpf 1978). Analysing public sector co-ordination requires thinking about interactions among not just single organizations but also about how 'networks' of organizations interact. Milward (1982) and others (Hjern and Porter 1980) have argued that the appropriate unit for analysis within the public sector is not the 'single, lonely organization'. Rather networks or implementation structures comprising organizational 'sets' or 'fields' are argued to be more appropriate analytic units. When researchers conceptualize co-ordination in this theoretical context interactions within and across networks become central components of the analysis. At one level networks of organizations exist within the public sector itself; the standard hierarchical response to a co-ordination problem is one form of interorganizational politics (see Considine 1992; Chisholm 1989). Further, even when hierarchy is the dominant reaction to co-ordination problems there is still bargaining and negotiation among ministries and other organizations involved in policy making and implementation (Fournier 1987; Davis 1995; Heclo and Wildavsky 1974), as well as negotiation with central control organizations. The intellectual justifications for network thinking may be rather recent but the basic pattern of behaviour is certainly not.

## INTERORGANIZATIONAL POLITICS AND CO-ORDINATION

This article examines policy and programme co-ordination through the theoretical lens of interorganizational politics. Scholars have argued that co-ordination can be a product of hierarchy, markets, and networks (Gretschmann 1986; Thompson, Frances *et al.* 1991). It is also conceptualized as the product of political institutions if values held in common by the members produce greater interaction than encountered in a less insti-

tutionalized system (Hegner 1986). Each of these models of social action provides different insights into the process of co-ordination. In all these models, however, there is an assumption of some difference of interests of the participants, whether that is a result of differences in policy preferences or simply defence of bureaucratic 'turf'.

The typical conceptualization of co-ordination in government is as a top-down hierarchy dependent upon central agencies (Davis 1995). Within individual organizations hierarchy is often replicated, with a minister or 'bureau chief' charged with providing central direction. This approach to co-ordination functions well analytically so long as the organization or organizations involved are well integrated from top to bottom and they have a clear mandate about what to do. If organizations are structured more loosely or are involved in complex policy areas requiring multiple information exchanges and interactions with a number of different organizations the efficacy of hierarchy is reduced (Chisholm 1989).

The market is the most commonly proposed alternative to hierarchical co-ordination. The basic assumption is that co-ordination can be achieved through the 'invisible hand' of the self-interest of participants in the policy process. This type of co-ordination involves the willingness of the participants to exchange resources in order to attain higher levels of collective welfare (Marin 1990). Exchange in a public-sector market may be in a variety of 'commodities' – including but not limited to money and contracts. For programme co-ordination clients are a medium of exchange; clients can be sources of power, especially in social policy. Finally, information can be a major commodity for exchange, especially in public sector organizations (Stinchcombe 1990).

In many cases that capacity for direct exchange is absent in a policy field and market-like mechanisms are not readily applicable. Markets imply 'buyers' and 'sellers' willingly entering into exchange relationships and that may occur infrequently in government. Most public employees do not conceive of their roles as buyers and sellers, but rather as service providers, or as public servants. In addition although there can be exchange, the conventional pattern of behaviour in government has been to conform to law rather than to bargains. Market co-ordination is acceptable in some places, but would be less so in countries with strongly legalistic administrative cultures.

The 'new institutionalism' does not address policy co-ordination directly, but its underlying principles are relevant. The March and Olsen (1989; Peters 1996b) variant of new institutionalism is especially relevant. March and Olsen argue that the best way to understand institutions is through the values that shape the behaviour of their members. A 'logic of appropriateness' created by each institution guides the behaviour of its members and hence the behaviour of the institution itself. These logics are relevant for co-ordination in at least two ways. First, if there is a common logic across organizations then co-ordination is more likely to occur without using auth-

ority (Gupta, Dirsmith and Fogarty 1994), and if organizations share common policy values co-ordination is also likely to occur with less disruption of organizational routines.

It is also crucial to remember that hierarchies are often ineffective at producing co-ordination, even when they are assumed to have the resources to do so (Hanf 1978). Numerous studies of 'bureaucratic politics' point out that organizations can muster resources to counter the presumed power of control organizations and pursue their own policy goals in spite of opposition. This absence of control can be found even in organizations such as the military (Allardt 1990; Smith, Marsh and Richards 1993) in which hierarchy is assumed to be a dominant organizational value. Hierarchy may not be as important a value as survival, or even as pursuing some policy goals, and thus, while hierarchy is sometimes seen as the ultimate weapon for co-ordination more loosely coupled structures such as networks may be as effective.

From a co-ordination perspective network linkages that constitute a major political advantage for individual public organizations also constitute a major part of the problem for enhancing co-operation among aggregates of organizations. Linkages to other organizations, public and private, may produce an interorganizational version of the 'tragedy of the commons' in which individual (here read single organization) rationality conflicts with collective rationality. Each organization may be serving its network but that will inhibit co-ordination within the larger population of organizations. The problem for practitioners, as opposed to academic analysts, is to find ways to produce governance within such a system (de Bruijn and ten Heuvelhof 1995, p. 162), and particularly to be able to do this without imposing a decision.

The network perspective on co-ordination has the additional advantage of being more open to the role of non-governmental organizations than are more traditional conceptions of the process. The 'corporate' model of co-ordination (Rogers and Whetten 1982; see also Gage and Mandell 1990) through hierarchy and command assumes that the non-governmental sector will have little to say about the policy. As more open conceptions of 'governance' (Rhodes 1997) become the norm then networked versions of co-ordination involving interest groups also become more of the norm. This involves substantially more negotiation and mediation than would be true in the more traditional conception. Even in the interaction of interest organizations with government the pattern appears to have shifted from hierarchical, corporatist models to more diffuse network patterns of interaction, and hence of co-ordination of public and private action.

Finally, Scharpf (1997, pp. 254ff) argues that networks can contribute to 'positive co-ordination' of public programmes in which problems of distribution and common value creation are solved simultaneously. That is, the continued interaction of the members of networks and their sharing of at least some values may generate sufficient trust to permit more effective

problem solving and positive-sum solutions to potential conflicts among programmes than would otherwise be possible. Scharpf may be optimistic about the capacity of networks in many settings to produce these desirable outcomes, but they are certainly more likely than in market or hierarchical processes of co-ordination.

### THE POLITICS OF CO-ORDINATION

As well as examining theoretical issues in co-ordination, I must also remember that co-ordination in the public sector is also inherently a political process. One study of co-ordination in social policy (Challis *et al.* 1988), for example, contrasted the rationality inherent in most thinking about co-ordination with the political decision-making characterizing co-ordination decisions. Challis *et al.* argued (pp. 29–31) that when co-ordination is emphasized during policy formulation, rather than at the administrative stage, conflict of interests inherent in politics dominate the rational considerations that may appear in administrative actions (Bogason 1991).

The political nature of co-ordination is well-expressed in Gary Wamsley's discussion of interorganizational relationships. He argues (1985, p. 77) that: 'In the horizontal relations the interested parties most often struggle over the general parameters of value allocation, striking statutory and even constitutional arrangements, major compromises and bargains and just plain 'deals', and resolving the irresolvable with rhetoric and symbol manipulation'. In this view policy co-ordination is not a matter of rationality but rather is an intensely political exercise, involving negotiations within networks and aggregations of groups. This political dimension is especially significant for policy formation in which competing interests are manifest; programme co-ordination and implementation may be more solvable through rational means (see O'Toole 1996).

The politics of co-ordination also reflect the relative powers of interest groups. Some groups promoting service co-ordination are relatively powerful – children, the elderly, women – and are able to manipulate political systems effectively. Other groups, however, border on being social and political pariahs and are unable to command positive attention from government. Depending upon the political power of groups pressure politics may not be effective in generating co-ordination and coherence. For example, attempts to co-ordinate government responses to racial attacks in British cities had to be from within the bureaucracy itself – the Home Office and the Crown Prosecution Service – as opposed to coming from the political power of the groups in question.

These observations raise questions about the political strategies available to would-be co-ordinators. The political denigration of public administrators makes it difficult to argue that the bureaucracy can be responsible for making programmes perform well. Further, dismantling the traditional public service makes it difficult to rely upon lower echelon workers to have the experience and commitment needed to co-ordinate effectively. With

many administrative functions performed by contract workers and firms with incentives to 'shirk', the tasks of principals in monitoring become more extreme, and effective policy co-ordination becomes less likely.

### HYPOTHESES AND CONJECTURES

In this article, I will concentrate this discussion of co-ordination on the network, interorganizational perspective. In thinking about networks within the public sector and their role in co-ordination it appears that there are several important dimensions of variation in those networks that will influence their likelihood of producing effective co-ordination. Alexander (1993) discusses some of those defining characteristics, as do de Bruijn and ten Heuvelhof (1995). The most important characteristics are:

- (1) *Pluriformity*. Some networks are more integrated than are others, so that it is possible to treat some networks as if they were a single organization while others must be treated as little more than collections of autonomous organizations. Alexander (1995, p. 340) refers to these structures as 'feudal'.
- (2) *Interdependence*. Networks also differ in the extent to which their members are truly interdependent (see Scharpf 1978). Networks may exist even if the components function autonomously; the styles of interaction and the relationships with external actors will, however, be very different from a more closely interconnected network. Closely related is the idea of *self-containment*, or the capacity of network members to shield themselves from influences from the network.
- (3) *Formality*. Even poorly integrated networks may be formal, while others depend more upon informal relationships among the actors. Formal networks may be apparently more manageable (less pluriform) but their mechanical connections may actually make them less predictable and manageable.
- (4) *Instruments*. As well as looking at the character of interactions in a network, one can also look at the instruments used to achieve co-ordination. Alexander mentions a number of those instruments, including the use of planning, formal regulations and contracts.

These alternative ways to characterize networks provide a way of understanding different political patterns within and between networks. As I will point out below these characteristics will influence the extent to which networks can act in concert, and the extent to which they are likely to be co-ordinated even in the absence of direct political pressures and involvement.

Although analysts have denigrated hierarchy and praised alternatives such as networks and markets, one must remember that there are still virtues in hierarchies. Coase (1937) argued that in firms transaction costs were minimized and within public hierarchies those costs may be minimized, relative to alternative structures. In a formalized structure the need to bargain and to develop *ad hoc* understandings is reduced, while the negotiation

and bargaining associated with both markets and networks impose high transaction costs. Institutions, in the meaning advanced by March and Olsen, appear to fall somewhere between the two extremes, with somewhat higher transaction costs than hierarchies. Those costs are associated with creating and then maintaining the common values within the organization. Institutions will, however, have lower transaction costs than markets or networks.

## NETWORK INTEGRATION

The fundamental hypothesis here is that strong vertical linkages between social groups and public organizations makes effective co-ordination and horizontal linkage within government more difficult. This is in large part because reaching an understanding within the network involves substantial accommodation. Once that agreement within the network has been reached the latitude for negotiation by public organizations at the top of the network is limited. The government organization may have some latitude, given that network members have few options if they want to continue to participate directly in government decision-making, but that latitude is still limited. That makes co-ordinating with other similarly constrained organizations difficult and some failures of horizontal co-ordination can be understood through the success of vertical co-ordination.

Another way of stating the same point is that less pluriform networks are less likely to co-ordinate effectively than are others. Unless a network is fortunate enough to be integrated through other factors – a community as opposed to a network – integration occurs through extensive bargaining and in all likelihood side-payments to the participants in the network, including those in the private sector. Having invested in creating an elaborate set of mutual agreements and understandings, it is unlikely that any representative of the network, when bargaining with other networks, is likely to want to upset that structure. This is all the more true given that trust becomes an important element of the relationship, and would be threatened by any defections during bargaining.

These network patterns can be seen in the ongoing administrative reforms around ideas of participation and empowerment in Canada (Tellier 1990). Public consultation on policy issues has increased dramatically in Canada as a result of these reforms. These consultations increasingly involve a range of competing interests so that extensive negotiation is required before solutions can be reached within areas such as the environment (Hunold 1997) and rights of 'First Canadians'. One difficulty is that after negotiations the results must be validated through a political and administrative process that may not recognize the delicate balance of interests, and that may be willing to sacrifice that balance for other political causes.

The United States has had a relatively open government for some time but ironically does not appear to be facing as many problems of network

management as does Canada. This is in large part because the input side of the political system still tends to select a limited number of groups as the most appropriate representatives of that policy area. The over-used, albeit still useful, characterization of 'iron triangles' in the United States describes a system in which network membership is more restricted and in which bargaining tends to be a series of bi-lateral discussions rather than multi-lateral bargaining. There are emerging contrary examples, for example negotiated rule-making, but these are still the exceptions to the basic pattern.

### TYPES OF CO-ORDINATION PROBLEMS

I have the one fundamental hypothesis but there are several subsidiary conjectures to be considered. One such conjecture concerns the nature of the co-ordination problem faced. Co-ordination may fail when two organizations perform the same task (redundancy), when no organization performs a necessary task (lacunae), and when policies with the same clients (including the entire society as the clients) have different goals and requirements (incoherence). These different situations have varying relationships with networks, and imply different types of interorganizational politics.

Everything else being equal, redundancy should be the easiest co-ordination problem to solve. Indeed, there are well-known arguments on behalf of redundancy (Landau 1969; Bendor 1985). If, however, the intention is to improve co-ordination, redundancy tends to be more visible, especially when the redundancy imposes costs on powerful 'clients', for example multiple regulatory requirements for businesses (Pildes and Sunstein 1995). On the other hand, incoherence may be the most difficult co-ordination problem to address effectively. Each organization has a rationale for its action, and is linked with a clientele. It may be that what it is doing is proper while the actions of the other organization(s) are the ones that need to be changed. There may be no easy bargaining solution for a problem of this nature, especially when the client bases are, or are perceived to be, different. For example, in the United States the Department of Agriculture still works to keep some land in the East and Midwest out of production, while the Bureau of Reclamation (Department of the Interior) works to put land into production in the West, often to grow the same crops. These programmes are incoherent and inconsistent, but each serves its own clientele. These organizations also link into government in different ways, for example have different oversight committees, so that solving the co-ordination problem becomes very difficult. The best outcome one might hope for in this case is 'negative co-ordination', in which the organizations respect each others commitments but do nothing to integrate their actions (Scharpf 1997, pp. 113-4).

The study of policy lacunae represents a particularly interesting question from the perspective of interorganizational theory. First, the absence of a policy in an area appears increasingly improbable, given the diversity and



range of public action. That having been said lacunae do exist. In some instances agencies run away from the problem as being insuperable, fearing that any additional resources that might come to the organization would be outweighed by potential failure – AIDS policy fits the profile of organizations rejecting the poisoned chalice. In cases in which the probable outcomes are positive, organizations may compete to frame (Schon and Rein 1994) the question as a part of their own policy profile, and hence incorporate it into their own networks.

### SUBSTANTIVE POLICY CONCERNS

Following from the above, I also expect differences among networks and interorganizational politics based upon the substantive nature of policies and membership of the networks. This fundamental expectation can be elaborated through a number of subsidiary points. First, there are differing degrees of agreement around some policy areas from around others, although there tends to be substantial agreement within most policy areas (Mueller 1985; Freeman 1985). In addition, areas that have a more unified 'epistemic community' (Haas 1992) are capable of generating co-ordination more easily than policy areas that have conflicting views or have no substantial vision about the nature of cause and effect within their area.

Somewhat in contrast to the above observation, I argue that co-ordination is less likely when organizations are in similar policy areas but lack common ideas about service delivery. This situation is likely to activate the familiar problem of turf-fighting among organizations (Bardach 1996). Thus, the proliferation of service delivery organizations from reforms such as 'Next Steps' not only removes a hierarchical source of co-ordination but also tends to trigger conflict among organizations over resources and even clients. Organizations that usually do not serve the same clienteles or who are not funded through the same ministerial organizations can afford to co-operate more readily than those which compete more directly, and may find appropriate side payments that can facilitate bargaining.

For example, the recent 'Programme Review' exercise in Canada (Savoie and Peters 1998) has forced organizations to think about programme co-ordination. The general experience has been that organizations that were closest together ideologically and that provided similar types of service were the most difficult to co-ordinate. They tend to fight over the same policy (and budgetary) turf, while more diverse organizations have found co-operation less threatening. Further, turf-fighting among similar organizations solidifies positions about the relative importance of their services, and the associated desirability of delivering them in familiar ways, rather than through more creative approaches (even in the face of reduced resources).

Raising the spectre of 'turf-fighting' is to trade in one of the older clichés about government. Like most clichés there is some element of truth in this characterization, but be careful not to accept the conventional wisdom too

readily. Organizations do attempt to preserve their own prerogatives, and perhaps most importantly their own budgets, but they are also more open to co-operation than sometimes assumed. Several factors bind organizations and individual officials across agencies, including a role definition as a professional and a primary concern for clients. Social welfare agencies may, other things being equal, find it easier to work with each other than with transportation agencies, just as transportation organizations find it easier to talk to each other.

The other could be the definition of the public service as a profession and the common values that unite its members regardless of where they work within the structure. The now common denigration of the public service and down-sizing governments is helping to break down one of the most important horizontal networks in government. Many people in government express concern about the loss of informal mechanisms for co-ordination. They note that down-sizing is reducing opportunities for movement within government so that individuals remain in one post for longer periods than in the past, and that the vision of government has narrowed accordingly. Further, the increasing technical content of most programmes means that greater expertise is required, and individual civil servants may have fewer fungible skills usable in other settings. While the public service may be becoming more expert it is also lessening the chances of effective co-ordination from within its own ranks.

### ITERATIVE CO-ORDINATION POLITICS

The changing nature of politics and policy problems raises another issue about co-ordination, having to do with the extent to which co-ordination is a one-off event or a part of an ongoing series of interactions. Everything else being equal I would expect co-ordination processes to be more effective when each event represents one in a continuing series of interactions. This is true for several reasons. Perhaps the most obvious is that in these cases networks overlap and create either broader networks, or networks conceptualized as being structured horizontally rather than the usual vertical linkages between societal organizations and one or a few government organizations.

Several theoretical traditions emphasize the importance of iterative decision-making for organizational co-ordination (or at least co-operation). In the rational choice literature Gary Miller (1992, pp. 213ff.) argues that iterative decision-making is a useful alternative to hierarchy, given that it provides co-operation incentives for participants in the process to achieve long-term gains (individual as well as collective). If decisions are seen as entirely one-off and separable each participant has incentives to maximize gains on each decision and not to co-operate. The same logic has been expressed in game-theoretic analyses of behaviour (Axelrod 1984; Calvert 1995), arguing that the likelihood of defections from implicit or explicit bargains are less when there are repeated 'plays' of the game. Interorgani-

zational theory appears to argue that the repeated interactions define the existence of a network. Hierarchies or even markets are able to allocate resources in a single interaction, but for networks to form there must be some repetition and stability. In this sense the network analysis approaches some versions of institutional theory in arguing for the need to institutionalize a pattern of relationship that can then define mutual expectations and mutual dependence.

The changing nature of policy making in most industrialized democracies is making co-ordination more difficult because of the shifting nature of the issues. First, some conventional 'central agencies' are becoming relatively less important while other, less conventional ones are gaining importance (Doern 1993). 'Globalization' means that foreign ministries become increasingly central players in what had been domestic policy concerns, i.e. industrial policy and even education and training (Savoie 1995a). In addition, the environment has become an overriding issue and environmental agencies now play central roles much as financial ministries have in the past. Also, globalization as well as changes in the domestic political economy are creating needs to co-ordinate that may never before have been as evident. For example, economic success is increasingly dependent upon education and job training, so that education is moving from a social portfolio into the economic portfolio. Also, the end of the Cold War means that defence organizations may become more important for law enforcement and international aid than for protection against foreign aggression, with a need to create new alliances. All these changes mean that organizations must continue to adjust to new demands for, and patterns of, co-ordination that may not appear as natural as the ones they had used in the past.

## ROLE OF INTERNATIONAL LINKAGES

Another important source of change in the politics of co-ordination is the increasing importance of international and regional associations in domestic policy. These interactions place different co-ordination burdens on governments, especially within Europe (Metcalf 1994). In particular, the need for governments to have consistent stances vis-à-vis proposals in Brussels (Derlien 1991) means that governments must co-ordinate policies in advance, while in purely domestic policies there is usually the luxury of co-ordinating during implementation. This moves co-ordination into 'high politics' and emphasizes hard political choices rather than more manageable decisions common in administration (Regens 1988).

The same logic operable in international co-ordination is seen in intergovernmental relations within one country. These relationships were one of the first loci for interorganizational analysis (Rhodes 1988; Scharpf, Reissert and Schnabel 1978), and continue to be a major locus for co-ordination. The changing nature of governance and policy, with continuing devolution of policy to lower echelons of government means that creating coherence and some level of equality across subsystems will be a growing

concern for national policy makers. In both international and intergovernmental relations a country's individual organizations are less self-contained than they are in the typical relationship that occurs at only a single level of government. That is, it is difficult for any organization in a network to make decisions in isolation but rather there must be an extensive level of discussion. In this setting co-ordination becomes an imperative, but it is especially problematic because of the legal autonomy of actors in the process.

### SERVING THE SAME CLIENTS

There are also differences in the co-ordinative capacity of interorganizational networks based upon the extent to which they serve a common clientele or not. The typical image of co-ordination is as a 'top down' process, with central agencies or lead ministries forcing co-operation among subordinate organizations. In practice, however, co-ordination is often a function of negotiations among the lower echelons of organizations around specific issues or clients. Thus, to the extent that organizations are required to interact directly over implementation issues they may be more effective in co-ordinating than are organizations that do not receive feedback from their organizational networks.

Many co-ordination problems can be solved by bargaining among affected organizations, often at the lower echelons. This is a conscious strategy for some governments, such as Australia, that minimize the role of central agencies in negotiating common delivery of social services, given the political and turf problems that arise. Therefore, the best strategy appeared to be to allow local organizations to devise their own plans, subject to central monitoring. The basic concept was that each client should receive co-ordinated public services with representatives of the various social service agencies required to orient their activities towards the client, rather than the organizations providing the services. Similarly, regulatory organizations develop means of serving their 'customers' through one-stop shopping for permits and licences with little involvement from the centre of government.

From the perspective of interorganizational politics these co-ordination efforts at lower levels of organizations represent efforts to create local, horizontal networks that supplement other structures of interaction in service delivery. These structures again appear to replace the conventional picture of government organization with a looser conception of interaction. Those interactions replace authority as the central element guiding decisions, often made on a client-by-client basis. The essential element required for this type of co-ordination to function is a substantial latitude for local action, whether the decentralization is to local governments or to lower echelons of organizations. That decentralization appeared less frequent in the United Kingdom.

## ACCOUNTABILITY

Finally, interorganizational co-ordination efforts have a profound impact on the capacity of governments to hold organizations accountable. One obvious issue in accountability is the capacity to identify who did what, and that simple faculty is often lost when organizations meld their actions and use complex networks for service delivery. An interorganizational perspective is both descriptively and analytically useful for dealing with co-ordination, but that perspective also poses difficulties for the interpretation of accountability, especially in financial administration. How does government ensure that money is being spent in the ways intended when it was appropriated? More fundamentally, are conventional ideas about parliamentary accountability the best ways to think about accountability in the emerging world of the public service and if not, what principles are better suited for this task?

## SUMMARY AND CONCLUSIONS

Co-ordination is one of the central concerns in the contemporary study of interorganizational politics. Although most analyses of networks and policy communities are concerned with the vertical interactions of interest groups and government organizations, one of the most important questions in the analysis of the public sector is co-ordination among public organizations. The effective integration of networks vertically may limit the capacity of the constituent organizations to co-ordinate successfully with other organizations and other networks. Thus, as the demands for greater attention to horizontal government become manifest the reliance of governments on managing networks to achieve policy goals may be more suspect.

In addition to the fundamental point that integration *within* networks may reduce the capacity to co-ordinate *across* networks, there are several other points relating networks and their capacity to co-ordinate. First, co-ordination issues conceptualized as implementation issues are more likely to be resolved successfully than are issues that are considered at the policy levels. Implementation issues tend to be addressed at a lower level of organizations and settled around individual client issues, while policy debate emphasizes issues of turf and organizational survival. In addition, the growing importance of the international connections of countries and programmes places additional demands on co-ordination. This is true not only because there are a greater number of issues that must be co-ordinated but also because of globalization a whole range of policy issues must be interrelated. In addition, globalization and the formation of regional international organizations force connections of programmes that had never been connected before. This, in turn, means that organizations unfamiliar with each other must now find ways to connect and to work together.

Co-ordination has been a continuing problem for the public sector, and it is not going away. The paradox that Hanf identified several years ago has not been resolved – if anything the contradictions have been intensified

by changes in the environment of the public sector. Governments can depend upon the formal structure of the public sector to produce co-ordination even less than in the past, but the incentives of individuals have at the same time become less collective and more personal. At the very time that an efficient, effective and well-co-ordinated government is perhaps most needed it is ever more a quest rather than a reality.

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# THE DYNAMICS OF MULTI-ORGANIZATIONAL PARTNERSHIPS: AN ANALYSIS OF CHANGING MODES OF GOVERNANCE<sup>1</sup>

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Multi-organizational partnerships are now an important means of governing and managing public programmes. They typically involve business, community and not-for-profit agencies alongside government bodies. Partnerships are frequently contrasted with competitive markets and bureaucratic hierarchies. A more complex reality is revealed once partnerships as an organizational form are distinguished from networks as a mode of social co-ordination or governance. Data from studies of UK urban regeneration partnerships are used to develop a four-stage partnership life cycle: pre-partnership collaboration; partnership creation; partnership programme delivery; and partnership termination. A different mode of governance – network, market or hierarchy – predominates at each stage. Separating organizational form from mode of governance enables a richer understanding of multi-organizational activity and provides the basis from which theory and practice can be developed. The key challenge for partnerships lies in managing the interaction of different modes of governance, which at some points will generate competition and at other points collaboration.

## INTRODUCTION

Debates in the academic and public management worlds are currently emphasizing the benefits that collaborative, inter-agency partnerships can offer as a means of achieving public policy goals. The idea of 'collaborative advantage' (Huxham 1996) presents an attractive alternative to the market, quasi-market and contractualized relationships that have dominated the public management reform movement internationally in the past decade. It also encourages further progress away from the large-scale, bureaucratic and paternalistic public service organizations which developed to deliver welfare state programmes in the third quarter of this century.

There has been recent and sustained growth in the number and types of partnerships created to realize public policy intentions. Governmental bodies in the UK, particularly at the local level, have been active in establishing for-

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malized collaborative relationships with businesses, voluntary (or non-governmental) organizations and community associations. Such partnerships are particularly pronounced in the fields of urban and rural regeneration, where local authorities have created working arrangements with a range of other agencies to promote the economic, social and political revitalization of communities, but are also found in social care, education, environmental and other policy sectors. These relationships are formalized by an agreement between the parties which is given concrete expression through the creation of an organizational structure – a partnership board or forum. Here, strategy is developed and decisions are made which may have implications for the policies, resources and actions of the individual agencies involved.

The argument put forward in this article, however, is that *partnership* as an organizational structure is analytically distinct from *network* as a mode of governance – the means by which social co-ordination is achieved. The creation of a partnership board does not imply that relations between actors are conducted on the basis of mutual benefit, trust and reciprocity – the characteristics of the network mode of governance. Rather, partnerships are associated with a variety of forms of social co-ordination – including network, hierarchy and market. The failure to distinguish between partnerships as organizational manifestations and the modes of social co-ordination that accompany them has constrained theoretical development and empirical investigation of this important field. Drawing on our studies of UK urban regeneration partnerships, we argue that market and hierarchical arrangements as well as networking are apparent in partnerships. Indeed, we propose that partnerships pass through a life cycle in which different modes of governance assume a particular importance at different points in time and in relation to particular partnership tasks. Strategies to develop effective partnerships thus involve combining different modes of governance in an environment where the power relations between various partners will be shifting and the resulting dynamics will at one point stimulate co-operation and at another competition.

We begin by identifying the factors behind the growth of partnerships in local governance, and urban regeneration in particular. We then explore the concept of modes of governance, examining the characteristics of market, hierarchy and network. This leads to the formulation of a model which shows how different modes of governance are combined within the life cycle of urban regeneration partnerships, illustrated from our recent empirical research. The article concludes by discussing the implications for theory and practice of the notion of plural modes of governance within multi-organizational partnerships.

## MOTIVATIONS FOR MULTI-ORGANIZATIONAL PARTNERSHIPS

Resource dependency issues have been an important motivator in the development of partnerships by UK public service agencies. The impact of continued constraint on public resources since the mid-1970s has stimulated govern-

mental bodies to search out new sources of finance and to examine whether the creation of multi-agency partnerships involving public, private, voluntary and community organizations could offer ways of delivering more with less. Partnerships have the potential to increase resource efficiency, making better use of existing resources by reducing duplication and sharing overheads. They can add value by bringing together complementary services and fostering innovation and synergy. Finally, partnerships enable the leveraging-in of new resources – either by enabling access to grant regimes requiring financial and in-kind contributions from the private and voluntary/community sectors or using private sector partners to overcome public sector constraints on access to capital markets (Mackintosh 1992).

There is more to the emergence of the new orthodoxy of partnerships than overcoming resource dependencies. Multi-agency partnerships arise from the search by public bodies for integration within an increasingly fragmented organizational landscape. Local authorities, for example, are now commonly composed of a federation of different units – purchasers and providers, devolved budget centres, localized service outlets and other structures – all with varying degrees of autonomy from the centre of the organization which was, in the earlier era of large public bureaucracies, the locus of power and authority. Simultaneously, the range of different agencies involved in shaping and delivering public policy has increased dramatically. Non-elected governmental bodies, private firms and voluntary and community organizations all have new roles in the fragmented and quasi-market environment arising from the new public management. Yet unlike the simple ideal-type market, these actors are necessarily connected through a complex web of interdependencies in which collaboration is required to achieve singular and common purposes. As Kickert *et al.* (1997, p. 3) argue: 'One of the major challenges with which public management is confronted is to deal with network-like situations, that is, situations of interdependencies'. Partnerships provide a means of developing strategic direction and co-ordination within this 'polycentric' terrain (Rhodes 1997a, p. xii).

The growth of partnerships also reflects the complexity and intransigence of the 'wicked issues' (Stewart 1996) facing government – issues that can only be tackled by bringing together the resources of a range of different providers and interest groups. As Rhodes (1997a, p. xv) notes: 'Messy problems demand messy solutions', and so the apparently tidy hierarchy of the public bureaucracy is reshaped to establish lateral, diagonal and vertical relationships with other bodies operating at different tiers and in associated policy fields. Kickert (1993, p. 201) views these issues not so much as 'problems and difficulties which have to be mastered, but as sources of innovation'. The innovation has come in the form of strategies to develop interrelationships, trust and collaboration in an environment of resource scarcity where organizations would typically be oriented to defence and self-protection behind their bureaucratic ramparts. Consequently, at the local level, the growth of multi-agency partnerships is associated both with

the changing agenda of local government and with a desire to address in innovative ways those issues that cross organizational boundaries. As Tony Blair has argued:

If local people are to enjoy a sound economy and a better quality of life and if communities are to deal with cross-cutting issues like youth justice, drug abuse and social exclusion, we have to harness the contribution of businesses, public agencies, voluntary organizations and community groups and get them working to a common agenda (1998, p.10).

Finally, the growth of multi-agency partnerships forms part of a strategy to open up local decision-making processes. This arises in the context of demands from interest groups and community bodies for more voice in decisions affecting their lives, together with the significant disenchantment with formal political processes exemplified by low turnouts in local elections, particularly among young people and excluded communities (Stoker 1997). As their role moves away from that of monopolistic service provider, many local authorities are embracing a vision of community governance in which they orchestrate and facilitate partnerships involving a range of local stakeholders (Stewart 1995). This developing politics of partnership may be seen as complementing formal democratic processes or, more radically, as empowering traditionally excluded social groups (Wheeler 1996). On the other hand, partnerships may be criticized as reflecting a broader democratic deficit in which non-elected bodies and self-selected representatives gain power at the expense of elected politicians (Skelcher 1998).

The growth of multi-organizational partnerships in urban regeneration reflects the four factors outlined above. In resource terms, emphasis has been placed firmly upon ideas of flexibility, synergy, added value and leverage. The existence of a local partnership involving public, private, voluntary and community interests is a precondition of application to most British government and European Union funding regimes for regeneration. Organizational fragmentation makes partnership a necessary integrative mechanism. Activities central to the regeneration agenda which were previously carried out within the boundary of a local authority are now dispersed to government departments and a range of other agencies – for example housing associations, housing action trusts, training and enterprise councils, urban development corporations and further education corporations. Urban regeneration is a wicked issue *par excellence*, the complexity and breadth of its concerns providing a powerful argument for partnership working in the context of plural politics.

## CONCEPTUALIZING MULTI-ORGANIZATIONAL PARTNERSHIPS

### **Interagency relationships: competition and collaboration**

Understandings of the interactions between organizations have broadly originated from two organizing principles: competition and collaboration.

Resource dependency theory is concerned with examining patterns of contest, power and domination in an environment characterized by the struggle over scarce resources (Klijn 1997; Alter and Hage 1993). Here, alliances between organizations arise in response to current or potential threats from competitors or the perceived opportunity to expand domains and, in the process, extend influence and secure new resources. As Alter and Hage (1993, p. 109) explain: 'Organizational decision makers' primary focus is on finding and defending an adequate supply of resources'. The policy networks literature has developed a rather more sophisticated version of resource dependency theory which recognizes the role of norms and values (appreciative systems) in sustaining inter-organizational relationships over time (Rhodes 1997b).

In contrast to the competitive imperatives implicit in the resource dependency approach, collaboration theory is characterized by a notion of synergistic gain and programme enhancement from sharing resources, risks and rewards and the prioritizing of *collaborative* rather than *competitive* advantage (Huxham 1996). Emerging from the corporate strategy literature, the concept of synergy refers to 'the additional benefits of companies acting together rather than severally' (Mackintosh 1992, p. 212). Working together offers organizations the possibility for improved delivery of individual objectives and the creation of new opportunities (Huxham 1996; Carley 1991). In this sense collaboration moves beyond the purely instrumental relationships suggested by classic resource dependency theory. Crucially, collaborative advantage is seen as involving a broad range of benefits, some of which will not be definable at the start of the relationship.

Urban regeneration partnerships are an expression of the desire for, and utility of, collaboration. However, their experience also demonstrates the tensions involved in seeking collaboration in a severely constrained resource environment. The collaborative model of inter-agency relationships is challenged by resource dependency issues – contest, domain invasion and temporary alliances to achieve competitive advantage in the context of self-interest. Agencies and localities are competing fiercely for government and European monies at the same time as the criteria for funding regimes stress co-operation and partnership building (Stewart 1994). Co-operative partnership relationships do emerge and operate effectively, but there is a tension between the harsh realities of the resource environment and the need to collaborate (Lowndes *et al.* 1996). The imperative to collaborate is driven by more than programmatic needs. There is also a moral dimension that distinguishes urban regeneration partnerships from business collaboration in the market place. This is the aspiration to further public interests rather than private gain. Such public or community service motivation is expressed in different ways by those involved in urban regeneration partnerships, whether in terms of business leaders' paternalism, councillors' party politics, community activists' demand for empowerment or the professionals' language of sustainability and capacity building.

### Inter-agency relationships as modes of governance

Although the competition/collaboration dichotomy is helpful in understanding the changes currently taking place in the public service, the reality is more complex and subtle. Essentially, our focus is on forms of social co-ordination – in other words with *governance* – and the way this is achieved through multi-organizational partnerships. Kooiman (1993) sees *governance* as the emerging pattern arising from *governing* – the purposive means of guiding and steering a society or community. Different patterns or *modes* of governance are the outcome of social processes but also provide the medium through which actors interpret and act to shape their reality. Governance is not an exclusively political concept. It can refer to ways in which co-ordination is achieved and sustained within economic and social life, as in discussions of corporate governance (Cadbury Report 1992; Rhodes 1997b; CIPFA 1994). Mayntz (1993, p. 11) reflects this wider view when she refers to governance as ‘a mode of social co-ordination or order’.

Attempts to differentiate modes of governance owe an intellectual debt to Williamson’s analysis of markets and hierarchies as distinct governance structures associated with particular transaction costs on actors (Williamson 1985). Subsequent debates have added a third category to Williamson’s formulation. Different triads of terms result: markets, hierarchies and networks (Thompson *et al.* 1991); markets, politics and solidarity (Mayntz 1993); markets, bureaucracies and clans (Ouchi 1991); price, authority and trust (Bradach and Eccles 1991); community, market and state (Streek and Schmitter 1985). Although there are differences of emphases in these analyses, three ideal types emerge (figure 1).

A *market* mode of governance revolves around contractual relationships over property rights. Price mechanisms are the means by which these relationships are mediated and where conflicts emerge there may be haggling or a recourse to law in order to determine the liabilities of the parties involved. Markets provide a high degree of flexibility to actors in determining their willingness to form alliances, although the competitive nature of the environment and the parties’ underlying suspicion may limit the degree of commitment to any collaborative venture. Essentially, actors prefer to be independent and will choose to collaborate only when they see particular advantages to themselves. The *hierarchical* mode of governance overcomes, in theory at least, the problems of co-ordination and collaboration found in the market place. The imposition of an authoritative integrating and supervisory structure enables bureaucratic routines to be established. Co-ordination can be undertaken by administrative fiat, and the employment relationships pertaining within the organization encourage at least a certain level of commitment by staff. The cost, however, is a reduction in flexibility and innovation because of a tendency to formalization and routinization. The *network* mode of governance arises from a view that actors are able to identify complementary interests. The development of interdependent relationships based on trust, loyalty and reciprocity enables collaborative

	MARKET	HIERARCHY	NETWORK
<i>Normative basis</i>	Contract – Property rights	Employment relationship	Complementary strengths
<i>Means of communication</i>	Prices	Routines	Relational
<i>Methods of conflict resolution</i>	Haggling – Resort to courts	Administrative fiat – supervision	Norm of reciprocity – reputational concerns
<i>Degree of flexibility</i>	High	Low	Medium
<i>Amount of commitment among the parties</i>	Low	Medium	High
<i>Tone or climate</i>	Precision and/or suspicion	Formal, bureaucratic	Open-ended, mutual benefits
<i>Actor preferences or choices</i>	Independent	Dependent	Interdependent

(Adapted from Powell 1991, p. 269)

FIGURE 1 *Modes of governance – market, hierarchy and network*

activity to be developed and maintained. Being voluntary, networks maintain the loyalty of members over the longer term. Conflicts are resolved within the network on the basis of members' reputational concerns.

### Partnerships and plural modes of governance

In reality, however, a particular set of organizational arrangements may be associated with a variety of modes of governance. As Bradach and Eccles (1991, p. 289) observe: 'The ideal types ... serve as a useful starting point .... The assumption that these mechanisms are mutually exclusive, however, obscures rather than clarifies our understanding .... Price, authority and trust are combined with each other in assorted ways in the empirical world'. They point to such examples as the hierarchical nature of contract relationships, the market-like features found within modern bureaucracies (for example profit centres and internal trading), the importance of status hierarchies within networks and the significance of trust and personal networks in market transactions.

Consequently the analytical categories employed in the governance literature should not be taken as being identical to those in the organizational studies and public management fields. The multi-organizational partnership as an organizational form should not be confused with the network as a mode of governance. Neither is there a necessary correspondence between the two. The loyalty, trust and reciprocity which characterize the

ideal-typical network mode of governance may not always be appropriate for the variety of tasks required of a multi-organizational partnership. As Rhodes (1997a, p. xii) explains, selecting between modes of governance 'is a matter of practicality; that is, under what conditions does each governing structure work effectively?' Our research demonstrates that partnerships are organizational arrangements associated with a variety of modes of governance. The research shows that multi-organizational partnerships have a particular affinity with network modes of governance, but that – at different stages of the partnership life cycle – hierarchical and market relationships also assume importance.

### PARTNERSHIP LIFE CYCLES AND MODES OF GOVERNANCE

Our starting point in the analysis of multi-organizational partnerships is to identify a life cycle through which they pass. This typically has four stages, each having key features in terms of the predominant mode of governance and relationship between stakeholders (figure 2). In brief, our argument is as follows:

- *Pre-partnership collaboration* is characterized by a network mode of governance based upon informality, trust and a sense of common purpose.
- *Partnership creation and consolidation* is characterized by hierarchy based upon an assertion of status and authority differentials and the formalization of procedures.
- *Partnership programme delivery* is characterized by market (or quasi-market) mechanisms of tendering and contract, with low levels of co-operation between providers.
- *Partnership termination or succession* is characterized by a re-assertion of a network governance mode as a means to maintain agency commitment, community involvement and staff employment.

These different modes of governance overlap and coexist throughout a partnership's life cycle. The balance and tensions between different modes shift as the agenda for action and the relationship between partners change. However, as we illustrate below, the network mode of governance has a continuing importance as the sub-structure of successful partnerships. We now consider each of the life-cycle stages in turn, illustrating the analysis with reference to our empirical research on urban regeneration partnerships. The data are drawn from two studies: an analysis of urban regeneration partnerships in three metropolitan areas in England (Skelcher *et al.* 1996) and succession strategies for a City Challenge board (Sullivan and Lowndes 1996).<sup>2</sup>

#### Pre-partnership collaboration

We found most evidence of ideal-type network relationships in the phase of pre-partnership collaboration. Interactions between potential partners were



STAGE IN THE LIFECYCLE	MODE OF GOVERNANCE	RELATIONSHIP BETWEEN STAKEHOLDER
Pre-partnership collaboration	Networking between individuals/organizations.	Informality, trust and co-operation. Willingness to work together to achieve collective purpose. Differential resources result in emergence of inner and outer networks, with some actors becoming marginalized.
Partnership creation and consolidation	Hierarchy incorporating some organizations. Formalization of authority in partnership board and associated staff.	Negotiation and contest over definition of membership and allocation of board seats. Disruption of network as informal balance of power codified. Informal systems and agreements are replaced by hierarchical structure with formalized procedures and decisions.
Partnership programme delivery	Market mechanisms of tendering and contractual agreements. Regulation and supervision of contractors. Networking assists in production of bids and management of expenditure programme.	Low co-operation between providers. Purchasers' suspicion of over-selling by potential providers. Distinction between inner and outer network sharpens as partnership determines agreed bids and/or fund allocation. Reliance on informal agreements within network to negotiate complexities of contracts. Emergence of trust-based contracting with some organizations.
Partnership termination and succession	Networking between individuals/organizations as means to maintain agency commitment, community involvement and staff employment.	Uncertainty as network stability afforded by partnership comes to an end. Potential for new openness/expansion of links. Trust and informality, with negotiation and contest concerning strategic role of partnership.

FIGURE 2 *Networks, markets and hierarchies in a partnership life cycle*

characterized by informality and a stress on personal relationships. A civil servant from one of the government offices of the regions painted this picture of how partnerships are put together:

I have meetings with X on bridges and pavements in the city – he says what the council can do and I say what we can do, then we put it together. Individuals not institutions is what it's all about – individuals can work together and understand what it's all about.

A local authority respondent noted that:

When things work and when they don't is patchy, but personalities are important, particularly a capacity to be positive even when under stress, and not to be threatened by other agencies. It sounds trite but it helps when people like each other!

The quality of relationships was linked to the level of trust between actors and the extent to which interaction was seen as leading to mutual benefit. One interviewee observed that where there was little trust between agencies, only chief executives or senior officers ('the heavies') attended inter-agency meetings. When there was greater trust, a wider group of individuals tended to be involved, allowing for a greater variety of inputs, a more efficient use of resources, and a broader sense of ownership. Another interviewee explained that relationships were built out of a combination of 'vision' and 'cost-benefit analysis': vision was important in gaining the commitment of partners while cost benefit analysis determined whether relationships would be maintained over time. The expectation of mutual benefit was seen as crucial in pre-partnership collaboration: 'You need to create a situation in which everyone is putting in *and* getting out – then you avoid the institutional difficulties of "what's in it for me?" People want something for their money, although it might not be a formal output. Once common interest falters, the partnership's done'.

The importance of informality, personal relationships and trust in pre-partnership collaboration was regarded negatively by some of our informants. Network-style relationships were viewed by those who felt excluded or marginalized as 'cosy', 'cliquey' or 'sewn-up'. The reliance on social contact, friendship and personal trust made it hard for new actors to 'break in' to networks. Information was seen as passing between those 'in the know' with little consideration for new groups, those outside established relationships (often women's and minority ethnic groups), or for small or poorly resourced organizations with little opportunity to 'play the networks'. A worker in a small Asian women's advice centre, reflecting on her ability to find out about new funding opportunities and partnership initiatives, commented: 'Whether we get the information or not . . . whether it comes in time, seems to be a matter of chance . . . You have to be seen around, otherwise you miss out on what's going to happen'.

Getting to know key individuals and building relationships took time

and could distract organizations from their 'core business'. As one informant noted: 'You could pack your week with inter-agency meetings, but what would you drop then?' Networking was seen as having costs as well as benefits: agencies sought to balance the possible costs of involvement against uncertain long-term gain, and their own organization's interests against wider service or policy concerns. Certain well-resourced organizations were perceived as all too keen to take advantage of the fragility of network relationships in order to shape 'common purpose' to suit their own priorities. A member of a residents' association noted that:

Some of the organizations you're involved with, you don't invite them to certain meetings because they'll take over. And in particular I'm thinking of X because however little they are involved – even if it's only 5 per cent funding from them – they want it to comply with their rules, they want to vet the adverts – and to take the credit!

Stereotypes about particular agencies, or sectors, presented an obstacle to building relationships and trust. A training and enterprise council officer noted the suspicion among private sector board members that the voluntary sector was 'left wing' and difficult to work with, and their surprise at 'the balanced perspective' that a new voluntary sector representative had brought to the board. A voluntary sector interviewee expressed his cynicism about private sector motives, complaining that business interests were trying to 'colonize' the urban regeneration agenda. Both the private and the voluntary sector complained about local authorities' 'political' outlook.

Our research pointed to the value of brokerage or facilitation both to stimulate pre-partnership collaboration and to reduce some of the misunderstandings and inequities inherent in 'organic' network relationships. A former city action team project officer described her experience thus:

We acted like a kind of dating agency – bringing people together. We helped form partnerships that wouldn't necessarily have come together unless someone pushed them together. We took the bottle to the party! We had a Heineken budget – it refreshed the parts other budgets didn't reach! The main outcome for us was not what the partnership produced, but getting it started.

Our research showed that pre-partnership collaboration was characterized by network forms of social co-ordination, although other modes of governance were important too. Hierarchies based on resource, information and status differentials were superimposed on network relationships, leading to the formation of inner and outer networks and the exclusion or marginalization of some potential partners. Market-like cost-benefit calculations were also important for individual agencies in deciding whether or not to invest in potential partnership opportunities.

### Partnership creation and consolidation

We observed a clear trend towards formalization as pre-partnership collaboration gave way to more focused activity. The stimulus for informal relationships to evolve into formal partnerships varied: in some cases it was a project requirement (as in Business Link), in other cases it was necessary in order to bid for funding (as with the Single Regeneration Budget), or it came out of the 'natural' development of inter-agency work. One interviewee noted how joint training activities had led to the emergence of an informal network of individuals, who later acted to formalize their relationship. Another group had held a public event that led to further interest in 'their' issue and a demand for a more formal partnership structure. There was a clear contrast between those networks that evolved towards greater formality (in response to changing circumstances and priorities) and those which had formality forced upon them, typically in order to access government or European regeneration funding regimes.

Interviewees varied in how they valued formality and informality. A voluntary sector respondent explained that while networks often developed informally and 'by accident', it was important to formalize relationships in order to ensure that they constituted more than a set of personalized contacts. Formalization was linked to increased transparency and clearer accountability by some, particularly those who highlighted the 'exclusive' tendencies of informal relationships. Formalization was also seen as necessary 'to get things done' in terms both of accessing funds, but also of ensuring probity and effective implementation structures. The setting up of some kind of bureaucracy – with clear roles, responsibilities and reporting lines – was seen as a stage in the partnership's life cycle, as it moved from a concern with exchanging information and ideas to a focus on project or policy implementation.

On the other hand, a local authority respondent pointed out that formal arrangements did not guarantee meaningful relationships and could, in fact, limit a partnership's capacity for flexibility and innovation:

Informal relationships are important – not necessarily detrimental. They can work better than overarching formal partnerships. It doesn't necessarily mean that if you have a piece of paper that says you're a partnership then you are. You've got to get on with the reality of partnership. In a rapidly changing world, if you get too wrapped up in procedure, you can never change anything.

Some of the partnerships we studied succeeded in maintaining informal network-style relationships alongside more formal ways of working. Many of those we talked to saw networks as the life-blood of the partnership, pointing to the importance of sustaining these 'beneath the surface' of increasingly bureaucratic and hierarchical arrangements – for instance by adopting relatively informal approaches to meetings and decision-making and valuing social and personal interactions among partners.

Partnership creation involved negotiation and contest over 'who's in and who's out', a significant shift to hierarchical structures compared with the relatively fluid memberships and indistinct boundaries in pre-partnership collaborations. This was sometimes focused on a particular issue like the allocation of seats to a board or management committee; at other points it was played out in terms of debates about leadership, remit and priorities. We observed the tensions that arose in the context of a lack of 'common currency' among agencies and interests of different types. Different representatives within a partnership drew their legitimacy from different sources – from election, appointment, common experience, professional expertise, leadership skills – but these various mandates were not mutually recognized and there was a lack of clarity about their relative value (Lowndes 1997). As noted above, some partners mistrusted the 'political' approach of councillors, some councillors did not want to work with non-elected government agencies, and there was repeated questioning of the representativeness of community leaders, user groups and voluntary organizations. It was common for the local authority and the training and enterprise council to vie with each other for leadership roles. At the same time, there was a clear perception from the voluntary sector that the 'big agencies' collectively 'wrote the rules', often to the detriment of community interests.

Hierarchies that had been relatively hidden or unimportant in pre-partnership collaboration became more visible and formalized in the creation phase. In the process, the voluntary and community sectors were often relegated to the periphery:

In all the work I've been involved in, it's always us that have had to put the effort in to reach the council's level. We've always had to come up to their level. They've never come down to ours! (resident group chair).

I think a lot of time is wasted . . . in saying 'Well, exactly who do you represent?' For the voluntary and community sector it's one of the biggest time-wasters, trying to pin down people and make them responsible for a certain section of society rather than just recognizing that they are entitled to their own particular opinion and that it's how you build the network that's important (community worker).

I think it's a fallacy that the Black networks are not necessarily there – I think that they're very much there but they quite possibly operate on a different basis. And if they don't conform to the local authority or the City Challenge view then they (the agencies) are not going to see them and they are going to lose out on that potential to support regeneration (project officer in small voluntary organization).

Our research showed that partnership creation and consolidation was characterized by the increased importance of hierarchy as a mode of governance. However, informal network relationships continued to be of

considerable significance and the nature of the hierarchy was essentially contested and problematic. Rules for partnership needed to be negotiated across organizational boundaries and cultures. A local authority officer captured the challenge thus:

We have to work around the dates of key meetings of the different organizations, and we need approvals at different levels. It's like an irregular heartbeat, not faster or slower but we have to be able to spot the right moment – things are no longer based on the regular committee cycle.

### **Partnership programme delivery**

Terms like *partnership* and *network* imply consensus and collaboration, yet our research underlined the fact that inter-agency working involves a high degree of competition among organizations. Competition exists between partnerships (and localities) in the bidding processes for central government schemes like City Challenge and Single Regeneration Budget (SRB), and European funds like URBAN. The aim of such competition is to stimulate partnerships to develop innovative and cost-effective programmes of work, and to ensure the funder receives value for money and maximum programme effectiveness. The downside of these competitive regimes includes:

- the simultaneous fragmentation of resources and duplication of effort involved in expecting neighbouring localities to bid against each other (and the damage done to broader inter-agency relationships);
- the aggregate costs of the bidding process for all involved (losers as well as winners);
- the tendency for bids to stress quantifiable output measures over qualitative outcomes (and to 'talk these up'); and
- the injustice and inefficiency inherent in allocating resources on the basis of the entrepreneurial skills of partnerships rather than the assessment of relative need.

The research also pointed to the significance of competition *within* localities and partnerships. As alluded to above, there is competition to join and remain a member of partnerships likely to make successful bids. In the context of the organizational fragmentation that characterizes the urban regeneration field, agencies compete with one another for recognition of their role in any proposed initiative and their right to represent a particular community or interest group. This competition for status is accentuated because of each agency's need to demonstrate its performance and achievement to current or potential funders.

Our research showed that the network-style relationships often associated with partnership working – resting on trust and mutuality – are threatened, or undermined, by the imperative to compete. Each agency has to

judge whether those bodies they work with are best regarded as friend or foe – potential competitor or a potential partner. Such judgements are particularly important for smaller agencies and voluntary or community bodies whose survival may literally depend upon gaining access to a winning partnership. Despite the official insistence on community involvement in partnership bids, the competition inherent in the SRB process has often excluded voluntary and community organizations; as an officer from one of the government offices of the regions explained:

Unless you're cute and big, the voluntary sector could get squeezed out. Small and specialized voluntary organizations haven't got the clout or understanding or strategic overview required by the SRB process. These organizations are valuable because they bring enormous energy and commitment, but . . . you need political clout and strategic nous to get into partnerships to bid for SRB.

Once established and in receipt of grant funding, partnerships face the challenge of distributing funds for programme implementation. It is at this stage that competitive pressures congeal into market-style relationships based upon tendering and contractual agreements. Our research showed that trust between agencies often reached an all-time low in the bidding process as potential providers refused to co-operate with each other and those involved in allocating contracts became increasingly suspicious of potential providers' claims. Many interviewees pointed to the fact that different agencies were 'all after the same money' and 'at each other's throats' as a result. Agencies were seen as jostling to 'take credit' for past achievements and assert 'ownership' of joint projects. The allocation of funds for programme implementation sharpened the distinction between an inner and an outer network. In one of the City Challenge areas we studied, the term 'partner' became a euphemism for 'failed bidder', referring to the outer circle of interested parties, as distinct from the core organizations involved in 'delivering the programme'.

There was some recognition, however, that market-style relationships could undermine the potential gains from partnership – in terms of added value, flexibility and innovation. People told us that while money (or the possibility of money) could bring agencies together, it could not keep them round the table. As one local authority officer put it: 'There's a vast difference between a package of money and real inter-agency working. You can have the first with outright enemies!' A partnership might succeed in spending money without reaping the potential gains of collaborative working. Some interviewees pointed to the detrimental impact on partnership working of funding relationships. A training and enterprise council board member felt that his agency's initial focus on seeking funding bids from 'partners' had limited its appreciation of the need to build relationships of quality and depth. There had been an assumption that funding would secure and cement relationships, while in fact it had acted as a brake on

the building of trust and a sense of interdependence. In another research site, interviewees felt that City Challenge boards had encountered difficulties in building meaningful relationships because of the stress placed on the rapid disbursement of funds. A City Challenge director explored this issue with reference to the sustainability of partnership relationships: 'There is an issue about the robustness of activity once the money's gone . . . . We mustn't get obsessed with money. Money is not a strategic issue but a tactical one. The strategic issues are about people, will, networks and structures'.

Our research affirmed the coexistence of collaboration and competition in the context of multi-organizational partnerships. It highlighted the significance of market-style modes of governance in the programme implementation phase of urban regeneration partnerships. The tensions between market and network modes of operation were clear, particularly the potential for market-style relationships to undermine – or impede the development of – trust, mutuality and co-operation between partners. It was clear that many of those involved in partnerships recognized the importance of nurturing initial network relationships into the implementation phase, seeing them as an important resource for 'getting things done' as well as exchanging ideas. Where mixed modes of governance had developed (like trust-based or 'relational' contracting), interviewees tended to explain this with relation to 'culture' and 'traditions' specific to their partnership and locality.

### **Partnership termination and succession**

Many of the urban regeneration partnerships we looked at were time-limited, or at least their funding was. Debate about 'exit' or 'succession' strategies was lively – what should happen after City Challenge, for instance, had spent its budget and come to the end of its five-year life? Partners' tended to take one of three stances (Sullivan and Lowndes 1996):

*'Keep the partnership going'*. Those who wished to keep a formal partnership in place after funding ceased were driven by a belief that either (a) valuable relationships had been built and might perish without a formal framework; or (b) specific partnership outputs (both social and infrastructural) needed managing and developing beyond the life of the funded partnership; or (c) the locality continued to have pressing social and economic needs despite the funded intervention and that a continued partnership would help to keep attention focused on the area. One statutory sector interviewee argued that:

There are networks in this city that operate on the basis of people like us (City Challenge board members) and it would be a great pity if the capital investment and investment in effort – both by people who live there and people who take an interest in it – gets lost. There is an



important interest group which will provide a channel of communication that residents don't have.

*'Let it die peacefully'*. Those who were happy to see the partnership terminated stressed the futility of trying to keep a structure and a programme going without a dedicated budget. They also suggested that being prepared to 'close up shop' was a mark of the partnership's success: the goal of regeneration work was to build capacity in the local community and not to perpetuate dependency on the benevolence of an 'official' body. There was a suspicion that those who argued for the continuation of the partnership were engaged in organizational self-justification. As one interviewee put it: 'If the primary aim is to empower people who live there, continued patronage might not help. We should be aiming for self-sufficiency'. Some interviewees were happy to see the partnership wound-up because of the burden that involvement placed on local bodies and key individuals, particularly from the community and voluntary sector. Despite 'capacity building' activities, a sense of 'network fatigue' was obvious in localities coming to the end of a significant regeneration programme – people 'needed a break'. One interviewee remarked, with an air of desperation: 'There has to be a limit . . . you just cannot keep on creating networks'. A community director from City Challenge explained that:

I don't care if I'm elected again because there's a lot of hard work – meeting after meeting and sometimes you think 'Is it worth it?'. The flak is unbelievable. And you think 'What the hell's it all about?' And even after City Challenge goes we're going to get it – because we're living here!

*'Support what lasts'*. This cluster of views represented something of a middle way. It recognized the importance of sustaining momentum in the wake of a major regeneration programme but saw the problems inherent in seeking to continue formal partnership arrangements in the absence of dedicated budgets, and in the context of 'network fatigue'. The stress here was on seeking support from mainstream local budgets (for example from the local authority, TEC, health or police) for focal points of activity in the locality, allowing co-ordination to arise from informal networks. For community-based activity such networking might be facilitated by an umbrella voluntary organization; service-based activity could draw on existing professional and user networks. As an interviewee argued:

You need to start with functions – like law and order – and ask 'What does the community want to do about it?' . . . You shouldn't look for one structure . . . and stick it all under there. You should start with people's needs and build up from that. People stand more of a chance of having their voice heard if it's done organically.

Despite the diversity of views outlined above, it was clear that debates

about succession strategies focused upon the importance of sustaining network-style relationships in the governance of urban regeneration. Those who favoured a continuation of formal partnership arrangements did so because they saw these as protecting existing and emergent networks. Those who were content to see the end of formal arrangements still recognized the centrality of networking to the future of urban regeneration in their locality, but thought that formal partnerships put undue pressure on networkers and that other forms of support were more appropriate in the long term.

While market and hierarchical modes of governance had played key roles in the earlier stages of formal partnerships, these were less significant as time-limited regeneration initiatives came to an end. In the absence of external funding, there were fewer tangible resources to 'trade' in a regeneration market-place, although there was competition between agencies both for control of partnership outputs and to 'take credit' for partnership achievements (thus gaining a 'reputational' resource). As funded programmes came to an end, the impetus to maintain a formal hierarchy receded. In the absence of formal programme objectives and resources to support a board structure and secretariat, the tensions inherent in keeping together a bureaucracy comprised of different agencies and interests were likely to become keener. The 'irregular heartbeat' of a partnership organization, referred to earlier, was likely to become more irregular and harder to manage.

## CONCLUSION

Multi-organizational partnerships are organizational structures that are not synonymous with the network mode of governance. Such conceptual differentiation provides the basis for a richer understanding of inter-agency activity, avoiding the easy assumptions about trust and pluralism that can so easily be transferred from discussions of ideal-type networks into discussions of partnerships. Our work highlights that partnerships involve several different modes of governance – market, hierarchy and network. It also illustrates how different modes of governance predominate at different points in the life cycle of a multi-organizational partnership. This introduces a dynamic to the analysis of partnerships that has often been absent in empirical research. Questions of power and advantage and of exclusion and inclusion, for example, are seen in a new light if they are considered in terms of the changing imperatives faced by partnerships and the transition from one governance mode to another.

Wider implications arise from this exploration of meanings. There has been a tendency for analyses of UK public management in general and urban policy in particular to discuss recent developments in terms of epochs. The 1970s are presented as dominated by a hierarchical mode of governance based on large monopolistic public agencies, local authorities and government departments. The 1980s are characterized by the internal

reorganization of the public sector along quasi-market lines and the emergence of new roles for private business as a supplier of public services. The 1990s are seen as the 'Age of the Network' (Lipnack and Stamps 1994), characterized by modes of governance that link public, private, community and voluntary sector actors; Tony Blair (1998, p. 13) uses the phrase 'a third way' to promote the network principle as the hallmark of the 1990s. Such periodization can be helpful but also risks oversimplification. As Rhodes (1997c, p. 42) explains: 'British government is searching for a new 'operating code'. This search involves choosing not only between governing structures but also the mix of structures and strategies for managing them'.

A crude periodization of modes of governance can also carry with it the myth of progress – bureaucracy as all-bad, markets as a necessary evil, and networks as the 'new Jerusalem'. The co-operation and mutuality implied by the ideal-typical network mode of governance can too easily be read on to actually existing partnership organizations, fostering assumptions of pluralism and benign state action. It is as though, in their discomfort with the introduction of markets, public managers have seized upon the network model, seeing it as more in tune with the underlying values of collective public purpose and welfare which the New Right agenda threatened. What remains unanswered – and, to some extent, unasked – are the conventional questions of the pluralist debate: who has power, who gains and who loses as the policy makers' obsession with networks and partnerships grows? Distinguishing organizational structure from mode of governance facilitates a more critical analysis of multi-organizational collaboration and offers a route by which the implicit assumptions can be challenged.

The lessons go wider than the academic world. The design of partnerships and their management over time has been little informed by theory. The development of effective partnerships requires that attention is paid to the tensions generated by their development over time as their primary tasks change from formation into delivery and then to closure or succession. The central challenge for co-operative strategy lies in managing the interaction of different modes of governance. As Rhodes (1997c, p. 47) has said of the governance conundrum: 'It's the mix that matters'.

Yet the key to sustaining collaboration seems to involve the underlying presence of a network mode of governance even when market or bureaucracy predominate. Such relationships cannot be forced and will survive only where there is perceived need and collective will among participants. In our research sites, the networks likely to survive the termination of official partnership activity included some which predated the partnership, some which had been born through it, and others which were evolving just as the partnership came to a close. In governance terms, the legacy of time-limited partnerships lies in a capacity for networking and an understanding of how 'mixed' modes of co-ordination operate. As Cropper (1996, p. 89) argues:

Where specific collaborative arrangements are disbanded, traces of organization are ... likely to remain, more loosely formed than before, but potentially capable of generating and pursuing collective strategies. Professional, role and social networks and networking practices, reusable learning about effective procedures and management methods and enhanced understanding of the interests and capacities of others are examples of such traces.

That these traces remain and are capable of stimulating new partnerships is an indication that – whatever the conflicts, mistrust and tensions generated by market and hierarchy – there exists a continued potential for collaborative activity in pursuit of public purpose. As Lipnack and Stamps (1994, p. 199) put it: 'boundary-crossing networks expand social capital'.

## NOTES

1. This article is a revised version of a paper presented to the Fourth International Conference on Multi-Organisational Partnerships and Co-operative Strategy, Balliol College, Oxford, UK, 8–10 July 1997.
2. The research on urban regeneration partnerships was funded by the Joseph Rowntree Foundation (Skelcher *et al.* 1996). The project studied urban regeneration initiatives in three contrasting metropolitan districts, involving City Challenge boards, further education corporations, community organizations, voluntary sector agencies, training and enterprise councils, task forces, urban development corporations, regional offices of government, chambers of commerce and local authorities. Interviews were held with 60 individuals from this range of agencies. Three informants in each district kept diaries recording network activity within and between agencies for one week each month over a four-month period. Practitioner workshops were held in each of the three sites at the mid-point of the research to explore interim findings and gather further data. Focus groups developed case study materials on key issues. The article also draws upon a study of City Challenge succession strategies which involved interviews, focus groups and observation (Sullivan and Lowndes 1996). Thanks are due to the other researchers involved in the two projects: Angus McCabe, Philip Nanton and Helen Sullivan.

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# CHANGES IN THE SCANDINAVIAN MODEL. FROM BUREAUCRATIC COMMAND TO INTERORGANIZATIONAL NEGOTIATION

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PETER BOGASON

Scandinavian local government is increasingly changing its organizational pattern away from the principles of local centralized bureaucratic control that were held sacred after the reforms of the 1960s and 1970s – reforms that made local government the building block for the welfare 'state'. Organizational fragmentation is taking place, making room for both new managerial styles similar to those of the New Public Management, featuring contracting out and similar market-like arrangements, and for democratic initiatives which place service users in command of service institutions. Such developments call for new approaches to the study of local government, approaches that take interorganizational relations more directly into account. Suggestions about such an approach are made, based on studies of intergovernmental relations. Distinctions are made between intergovernmental politics which is concerned with symbolic values linked to the status of an organization, and intergovernmental management where processes of making do are seen as most important. In spite of the managerial fashion for strategic goal-setting, it is expected that the new political actors are more interested in day-to-day results and thus challenge politicians, moving them away from the abstract goals in favour of advancing and monitoring actual accomplishments. This increases the need to understand network relations and, in turn, may yield better understanding on the part of citizens of how local politics and management works.

## INTRODUCTION

The Scandinavian model of local government has become well-known among researchers in the field of public administration. According to the received view, Scandinavian local governments are strong in resources, well integrated in organizational terms (following the reforms and consolidations in the 1960s and 1970s), they are party politicized and they have a well-educated staff of bureaucrats preparing policies and implementing services. Consequently, research has focused on the political leadership, the organization of town hall and its staff, relations between top civil servants and top politicians, and the problems of organizing the committees of politicians having, for all practical purposes, the responsibility for running the

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daily affairs of local government. Local government research has been research into town hall politics and administration.

Over a decade, however, the state of affairs has changed in Scandinavian local government, but research is slow to catch up. Powers have been decentralized to local service organizations, and users have become influential as a result of new organizational measures. Local government policies have become diversified in organizational terms, and new channels of influence are being developed. It is a challenge for local government researchers to develop their concepts and models to grasp what is going on, and this article is a step towards such clarification. Much inspiration can be gained from other camps of the social sciences.

For instance, the concept of networks is popular for characterizing contemporary societies in the Western hemisphere. It is used to characterize industrial production where small firms refrain from growing and instead join networks of other firms operating within patterns of 'flexible specialization' (Piore and Sabel 1984). It is used in the Scandinavian economies where market relations between firms, and in public-private relations, are replaced by more stable links which, over time, form a new governing regime determining, ultimately, the production of the 'negotiated economy' (Pedersen and Nielsen 1988). Furthermore, frequent interaction between central government and business in more general terms leads to policy networks (Marin and Mayntz 1991).

Comparable trends towards organizational networks are now discernible in the public sectors at the local level in the Scandinavian countries, although they do not produce identical patterns. The article surveys these changes and suggests a theoretical approach for analysing the consequences of this development. Such new lines of research are warranted because most local government research follows an organizational paradigm, analysing the actions within the walls of the town hall, and focusing on the organizational roles of mayors and chief executives. But since the old model of analysis of the leadership at the centre no longer squares with the challenges of the fragmented locality, much more emphasis on the inter-organizational links to actors outside the town hall is needed.

It is not advisable to pursue a policy process analysis based on a paradigm of committee deliberations to be implemented by a bureaucratic organization, when implementation takes place mainly in service organizations with an elected leadership which negotiates its parameters for action with politicians and staff at the town hall. Analysis of local government leadership should not be restricted to the relations between the mayor and two or three top civil servants when service organizations may be in a position to negotiate with central government, and thus gain additional grants for their experimental actions. Local politics should not be understood only in terms of voting for political parties once every four years when an increasing number of citizens get involved in running public ser-

vice organizations without any personal political party affiliation whatsoever.

Thus researchers must change their perspectives of local government analysis. This article explores some possible avenues towards alternative frameworks for analysis. First, the trends towards networks in local government affairs are discussed. Then, theoretical principles of intergovernmental relations are presented, and finally applied to Scandinavian local governments. The perspective of most local government research is maintained, i.e. that of the leadership, but the article indicates how the received view among local government researchers, that of an integrated local government organization, misrepresents important developments in local government.

## LOCAL NETWORKS IN SCANDINAVIAN PUBLIC ADMINISTRATION

The dominant contemporary paths of reorganizing Scandinavian local governments favour organizational differentiation and new patterns of local democratic influence of public service users at the local level. The differentiated organizations are unlikely to act in splendid isolation, so there is probably a strong development towards new networks between some of them, and also between old and new organizations. Below the development is discussed on the basis of recent research, reported in more detail elsewhere (Bogason (ed.) 1996, Bogason 1996). The development may be understood as *organizational separation* as a management style and increasing *control from citizens* as a step towards more democratization.

### Organizational separation

Separation is experienced mainly in relation to the production of services. The Scandinavian approach to new management often leads to the establishment of a quasi-market where potential producers compete for a contract to deliver services. In some cases, (sub-)organizations within the commune may compete; in other cases the competition is between any organization, public or private (Baldersheim and Ståhlberg 1993, pp. 9–14).

The Swedes are leaders in creating such (quasi-)markets. In the early 1980s, the Swedes handed the running of tasks like housing, buses and office cleaning over to semi-autonomous public enterprises (Strömberg and Norrell 1982, pp. 17–28). The politicians increasingly found themselves without means of any control over the service producers in daily affairs, and the citizens found themselves only in contact with staff. As a reaction, a state commission in the mid-1980s recommended state deregulation, more user influence over services, greater decentralization in the communes, and more involvement of voluntary organizations in local activities (Civildepartementet 1985, p. 28).

These recommendations were only partly followed. In actual fact, the Swedes got neighbourhood councils (described below) and a new system



of contracts for services. In the early 1990s, an organizational model which separated politics (goals) from administration (services), a *purchaser/provider* model, was introduced as a general organizational strategy (Montin 1993, pp. 62–5). According to such principles a commune would set up a provider board defining the basic standards for the service and determining the conditions for a contract, the would-be producers then would have to compete for a contract and thus a market would be established for the production of services. About forty communes had adopted the model in 1994 (Montin and Elander 1995, p. 27). The principle of contracting out and even contracting within the town hall was widely adopted. In 1992, there were more than 1,500 enterprises running services, including such different activities as local music schools, computing and acquisition (Johansson *et al.* 1994). Thus the economic efficiency was seen as the primary priority.

The *Danes* increasingly contract out services to private firms, particularly technical services, building and infrastructure contracts, recently extended to care for the elderly. For many years, fire, ambulance and rescue services have been contracted out by most communes to Falck Rescue Company, a private firm. There is now an increasing interest in involving non-profit organizations in a number of activities, for example using the Red Cross to solve the problems of housing refugees.

Danish organizational separation is also seen in the increasing collaboration schemes between communes for special tasks that require more investment or running costs than one (small) commune would like to pay for. Instead, they set up an intergovernmental body to do the job. This is particularly the case for small communes co-ordinating their use of capital equipment and highly specialized staff, and communes co-operating in industrial development planning. The creation of a public service organization running the hospitals in the two Copenhagen Metropolitan communes (all-purpose communes also charged with county tasks) has attracted special attention. The new organization runs all their hospitals, plus the National Hospital with its sophisticated specialization in rare diseases, and thus the responsibilities of the local politicians were changed from actually setting priorities for seven hospitals to approving the priorities set by a separate management for one hospital organization.

In contrast, the *Norwegians* have as yet only made a few changes in the direction of more organizational separation. There has always been co-operation between public and voluntary organizations, but public discussion about involving them has become more intense, as has the discussion concerning the use of other alternatives like user involvement and user democracy (Kuhnle and Selle 1990, p. 179). But there is a certain trend towards understanding the commune as something other than an integrated entity; some communes are organized around autonomous 'profit centres', others along the lines of the Swedish purchaser/provider model, and managing staff are encouraged to make contracts across the public/private divide (Fimreite 1997, p. 118).

### Democratization from below

The Scandinavian move towards greater citizen involvement includes the establishment of: neighbourhood councils, user boards of directors, and special user-run grant schemes financed by the national government.

*Neighbourhood councils* are found in all three Scandinavian capitals. In the City of Copenhagen, councils were introduced in four neighbourhoods in 1997 as experiments until the year 2001. In the rest of the country, Denmark's relatively few neighbourhood councils mainly stem from the free commune experiments of the 1980s which were favourably evaluated (Andersson *et al.* 1988). In 1994, the organizational principles of those experiments became law as an option open to communes; few have taken advantage of this option, probably because of the widespread use of user boards (see below). Norway, too, only has a few neighbourhood councils outside the big cities. Hansen, Nyseth and Aarsæther (1996) compared four neighbourhood council cases in Norway and Denmark, showing the community councils can enhance local participation. They encourage more contact with citizens in regular meeting, recruit new types of citizens and thus help create a more active citizenry, particularly in the rural areas, and there is no corresponding loss at the commune council level. In Sweden, a parliamentary act in 1980 permitted the setting up of neighbourhood councils, primarily to strengthen local democracy. The number of communes using the opportunity has changed over time, they are most popular in the biggest communes (Civildepartementet 1988, p. 108). They have enhanced the co-ordination of the fragmented (sectored) administration; the recruitment of younger people and women for political roles was enhanced and the members of the councils improved their contacts with people in the neighbourhood. In some areas the costs went up, and there were bureaucratic fights between the old city hall administration and the new decentralized staff (Civildepartementet 1988, pp. 40–2).

*User boards of directors.* Recently a profound change has come about in the general thinking about user influence. Since 1990 Danish public elementary schools have had a governing board of directors with parents in the majority, so have day-care institutions for pre-school children from 1993, and institutions for the elderly from 1997. The principals act as secretaries and the staff is represented, the board decides the budget and sets up the principles for running the organization. The powers do, however, vary from commune to commune, particularly with respect to the hiring of staff. From 1994 Swedes can set up a self-administrative board for service organizations to run daily affairs that are not statutorily under the responsibility of any other actor (for example, the pedagogic oversight by a school principal), but they cannot handle matters concerning law enforcement (Civildepartementet 1993, p. 123). The board must have representatives from users and staff with the users in the majority. The Swedes have also introduced user governance of schools similar to Denmark (Inrikesdepartementet 1996, pp. 47–9). No general Norwegian user involve-

ment schemes have been set up. As part of the free commune experiments, governing boards were established for four schools in a commune, comparable to the Danish cases in terms of organization. The attempts at democratizing these schools, however, turned into a version of local corporatism rather than a channel for user influence (Fosse 1991, p. 110).

*Special grant schemes.* The Scandinavian experiments with free communes in the 1980s can be seen as a way of opening up the minds of many actors to alternative ways of doing things. The experiments have been instrumental for people keen on changing the received view of formal actors; they were catalysts of change (Baldersheim and Ståhlberg 1994, p. 208). In Denmark, there were more than 1800 experiments concerning local social policy projects that strengthened local initiative. They initiated changes in traditional ways of encountering social problems and put more emphasis on the prevention rather than the cure of social problems (Flex 1993). The trend towards such specific grants from the central level to communities is being reinforced in the 1990s, creating new links between central government, town hall and localities and giving new opportunities for local 'entrepreneurial spirits'. Sweden has a number of experimental grants linked to housing schemes. The goal was to provide services like meals, cleaning and care for the elderly and the handicapped, so they would not have to live in an institution (Elander 1994). The programme spanned three ministries and was directed by a committee representing a large number of interests. Birgersson (1993, pp. 63–4) concludes from his analysis of the grants that they have been important catalysts in strengthening local co-operation across organizational boundaries and in a good 'bottom-up' spirit.

### Scandinavian variation

In sum, there is a common trend, but not identity, in the Scandinavian communes; Denmark takes the prize for creating democratic local boards and Sweden is the winner when we speak of quasi-market arrangements in the public sector. Norway has the largest number of small communes and has a modest number of experiments in both democracy and market. It remains to be seen whether it will follow its neighbours in terms of a larger scale reform, but an observer (Eriksen 1996) speaks of a trend towards multi-centered local government in contemporary Norway. So more change may be expected.

In Denmark and Sweden there has also been a concomitant growth in intergovernmental relations because of the number of new organizations and the change in status of existing ones, a gain in autonomy and democratic legitimation. Are these new networks characterized by conflict or consensus? Are they party politicized? Are they mainly regarded as channels for bureaucratic staff? Do new representatives regard themselves as loyal and hopefully unfailing speakers for local just cause? Or have they in reality been taken hostage by the professional interests of those employed in ser-

vice organizations? These are important questions which we cannot yet answer because most research ignores the interorganizational dimensions.

Among local government researchers there has only been limited interest in exploring these changes. Few research projects deal with process, substance and extent of intergovernmental relations (IGR) at the local level. Most local government research still restricts itself to the politics and administration of the town hall. This article provides a framework and conceptual clarification for understanding IGR.

## **TYPES OF INTERGOVERNMENTAL RELATIONS**

IGR does not refer to relations between sovereign nations, as it would in the field of international politics. The discussion is restricted to relations within a country between different entities, horizontal as well as vertical relations. In the following sections, IGR is defined in general terms and then the two sides of the coin are discussed, namely intergovernmental politics (IGP) and intergovernmental management (IGM). The article focuses on the challenges facing leading actors who must perform their daily tasks subject to interorganizational constraints, and have to respond to contacts from other governmental bodies.

### **Intergovernmental relations (IGR)**

In the American literature, IGR is an alternative approach to the study of federalism, supplementing the latter's more integrated approach, which takes a certain value system and constitutional arrangement for granted as a conceptual foundation for the analysis. Thus, research into federalism focuses on national-state relations, while intergovernmental relations as an approach analyses *all* levels of government, including both formal and informal relations (Wright 1982, pp. 26–7).

Such a general approach may be applicable outside federalism as well as outside the US, and we shall use the phrase IGR to signify relations between governmental bodies. The following considerations concern the political/administrative systems of the Scandinavian countries. To qualify as 'governmental bodies' organizations must be vested with some degree of autonomy for action towards their organizational environment. So we are not concerned with deconcentration in a hierarchy.

First, bodies with a leadership elected by the inhabitants of a jurisdiction satisfy our requirements. Parliaments, regional and local government councils – including general purpose neighbourhood councils that are not appointed – are elected and therefore must be considered autonomous within the confines of their statutes and restrictions of parliamentary and administrative law. There are some differences between countries in terms of voting rights – some countries permit local residents who are citizens of an EU country to vote in local elections, while national elections are restricted to citizens.

Second, I include an increasing number of public services institutions

with an elected leadership, a board of directors. To be eligible for office, the candidate must be a user of the institution, and the constituency is the group of users-at-large. Members of staff also have seats on the board, but only as a minority or with restricted voting rights. In short, voting rights and eligibility are restricted, and so the legitimacy of the members of the board differs. Since statutes are determined by the regional/local government council, their contents vary among localities. Consequently, the degree of autonomy differs.

Bodies with *appointed* leadership may meet our requirement to be a partner in IGR in so far as they qualify as relevant, i.e. relatively autonomous, negotiating partners, for example in horizontal relations at the local level. For instance, a local chief of police in a national force is the representative of a governmental body in matters concerning public order within his jurisdiction. So matters between the local police and the mayor's office are IGR while relations between the local chief and the national police director are not.

What are the contents of IGR? The days are over when each government could pursue its business as a closed entity in peace and quiet. Contemporary society is a complex web of interdependencies which demand recurring contacts between actors. Such contacts require, first of all, *policies and their implementation*. Much national legislation is carried out by a remote agency, possibly with several layers of authority between. For instance, Danish primary schools have a board of user directors answering to the commune council, but they work within a legal framework determined by the Parliament and overseen by the Ministry of Education which also determines the contents of the annual national tests for graduation. Some aspects of special education are handled by the county council which also employs consultants advising the schools in the communes of the county. The nationwide scale of salaries for Danish teachers is negotiated by a special board affiliated to the National League of Communes, but acting on behalf of the Ministry of Finance. School policy, then, is created in a complex web across political and administrative levels.

Other IGR relations concern *budgets and spending patterns*. Increasingly, IGR transfers take the shape of block sums where the allocation of budgetary posts is a matter for the recipient with little interference from the donor until things go awry, i.e. until complaints are referred to the donor. Thus the state gives block grants to communes, and communes allocate block sums to the budgets of semi-autonomous service providers. Nonetheless, there may be IGR-debates regarding, for example, the rationales for the blocks, especially when cuts in grants are threatened.

What is special about IGR? The short answer is the *relations of control*. Basically, the problems of control are the same as in any type of interorganizational relations (IOR): instruments that are regarded as normal interventions within the organization may only be used with great difficulty on other organizations. There is no established hierarchy of control using the

organizational loyalty of subordinates as a medium for compliance, as is mostly the case in intra-organizational relations. Better pay, possibilities for promotion and fringe benefits are not available as carrots. Threats of transfer to uninteresting positions or lay-offs are not present as sticks. All that can be addressed are the conditions affecting other organizations as a whole, not their members individually – although of course changes in general organizational conditions will sooner or later affect them to some degree.

In private sector IOR the relations are, by and large, linked to bargaining positions over the buying and selling of goods and services, or may be co-operation within a subcontracting scheme, with price and quality (in its broadest sense) as important parameters. Contracts, trust and experiences of past performance are probably crucial. These factors may be important in IGR too, but in addition, there are a number of *political links* in the relations. *Intergovernmental politics* (IGP) may include political party affiliation, but often a more important variable is the somewhat vaguely termed power and pride of autonomy, rooted in the *status* of the leadership. *Intergovernmental management* (IGM) goes beyond such possible patterns of conflict and deals with the everyday problems of making any kind of interaction move to decisions and to anchoring relations for future use.

### Intergovernmental politics (IGP)

IGP has some political party aspects. Politicians do meet on a national, regional and local basis at party rallies of different kinds, but mostly such meetings are to discuss party issues in general rather than IGR. In concrete situations, party members may communicate with one another about specific issues because of their party affiliations. Thus, Social Democratic mayors may have easier access to the Home Secretary when the Social Democratic party has formed a government, but there is not much evidence that this is the case, and even if it were so, any distributional consequences would be difficult to trace.

IGP typically refer to statutory questions, principles of policy and resource transfers. *Statutory questions* focus on how particular organizations or levels of government perform their duties. Furthermore, statutes determine what policy matters the organization must deal with, what they may deal with and what is out of bounds. *Policy principles* are matters of substance, the specific policies and tasks of the organization. What quantities and qualities of services should be delivered or produced? How are recipients to be targeted? *Resource transfers* are crucial. How is the budget determined? How are activities financed: by own means, by grants or reimbursements? How do organizations get other resources – by taxes (from what sources?), user payments, loans?

These matters are strongly formalized. Statutes spell out substance and process in documents. Some of these documents (constitutions) have strong symbolic values attached. Others merely function as practical guidelines

for political sessions. Policy principles are often written in law but they may also be available in other documents that must be accessible to the public at large. Budgets are documents whose determination normally requires prolonged deliberations between interested parties. The intergovernmental relations involved are of such a character that the top leadership will have a clear interest not only in being informed about them, but also of participating in the interactions that determine the outcome of frequently long and complicated processes.

IGP may also have other symbolic functions. The top leadership becomes acquainted and thus counters myths about personal shortcomings, helping future collaboration and making strong conflicts less probable. At the same time, power relations become established and reinforced, all mediated through personalities and repeated experiences of positive interaction. In that process, there often seems to be a strong interest to stress the autonomy of each participating agency, and to let one know that the autonomy of the other is acknowledged. Intergovernmental 'diplomacy' is at work there, smoothing away perceptions of defeat and restoring personal and organizational confidence to avoid blocking future negotiations. In other words, the status of organizations *vis-à-vis* one another is in focus.

*Vertically* some organizations may be dependent on others. Other organizations can unilaterally change the conditions for their operations, for example by determining the budget, its size and distribution (local accounts). Such problems are well known in the literature on decentralization (Page and Goldsmith (eds.) 1987). There are no easy solutions about how to conceptualize such very complex relations. The vertical relations may not be understood as hierarchical relations precisely because the hierarchical notion is increasingly challenged by lower level organizations wanting to negotiate, for example, a planned budgetary cut in order to change the priorities of the supervisory body.

In *horizontal* relations organizations are supposed to be equal in status, and hence in a position to negotiate freely, but such freedom may be somewhat curbed by supervisory bodies. Furthermore, statutes may limit actions in various ways; one would not expect school boards to intervene in foreign affairs, but it might be quite natural to seek the acquaintance of schools in other countries to facilitate student exchanges. In the locality, organizations may interact freely across the public sector and across public/private boundaries. Local governments may join forces for quasi-regional industrial development. Of special interest are relations in the same sectoral field, for example between schools where coalitions may be formed to enhance bargaining positions with the town hall.

There is a research tradition working within conceptual frameworks like 'iron triangles', 'issue networks' and 'policy networks', exploring the consequences of such co-operation. It has for some time been active on the British social science agenda (Rhodes and Marsh 1992). Such analyses often go beyond horizontal relations to include links across levels, often as tacit

agreements between professionals working in different organizations. In addition, there has been a growth in contractual relations to (other) service producers and relations, for example, to enhance public safety. Issue-network research may be of interest here, but also conceptual frameworks like 'principal-agent' (Hagen 1992) and 'the hollow state' (Milward, Provan and Else 1993) capture important aspects of such relations. Third, various versions of institutional analysis may apply to IGR, particularly those subscribing to a 'service industry' approach (ACIR 1987; Ostrom and Ostrom 1977).

IGP, then, has strong formal aspects, relates to important and basic facets of public activity, has strong symbolic values and is related to the official aspects of our democratic systems. Therefore, one would expect politicians and top officials to be the types of actors mostly involved in the process, but across the traditional politics/administration divide. IGP differs from (party) politics and is analytically one step further towards negating the usefulness of the politics/administration dichotomy.

### **Intergovernmental management (IGM)**

IGM concerns activities to advance co-operation between separate public organizations. Agranoff and Lindsay (1983, pp. 228–9) stress that the primary task is goal achievement within the more general confines of IGR. Although their primary concern is with tasks that are solved specifically by a network setup *ad hoc*, their ideas are applicable to a broader range of settings.

They point to four concerns that are important for successful IGM. First, one must recognize the legal obligations of the organizations involved. What are their degrees of formal autonomy and how do they operate in their decision-making processes? Who is the right person to co-operate with in various situations? And in order not to get stuck in the process, all participants must be oriented towards compromise regarding the issue in question. Second, all participants must be aware of the political implications of the issue – party politics, but even more so, symbolic politics linked to the status of participants. At times, some may not have the discretion to make a decision; other participants must then accept this as a premise and let the process evolve in the organization until the right decision-maker is reached. Third, technical aspects like obtaining a common and shared information base must be solved or the participants will neither speak the same language nor have the capability to understand variations in the viewpoints of other participants. The information base need not be a formal database, the key part is that a number of 'facts' are agreed to describe the issue adequately. Fourth, participants must realize some of the issues raised have a limited range of solution because of attitudes taken by other participants at earlier occasions. In addition, certain actions (like a proposal for a formal evaluation procedure) might be out of the question owing to financial, time, or other constraints, including symbolic politics.



In short, 'IGM constitutes dealing with jurisdictions by respecting them, finding a "wedge" or some policy space (that is, residual program authority from external constraints that can be adjusted) and producing a jointly-owned, production solution' (Agranoff and Lindsay 1983, p. 236).

An approach of 'processing, negotiating, sequencing and adjusting' (ibid.), with little scope for the hierarchy-oriented and bureaucracy-minded public official, and with a rather clear-cut understanding that one must proceed with caution is required if anything substantial is to be accomplished.

May and Burby (1996) develop a similar argument in their case study of intergovernmental mandates, from environmental state policies to be implemented by local governments. If there is scope to adapt policies to local conditions, local governments are much more likely to comply than if rules are rigid and therefore, as it may seem from a local perspective, out of step with local conditions. Intergovernmental 'partners' are interested only if there is room for their points of view and hence influence on the issues.

Of course, there are limits to how much local concerns can be allowed for in cases of strong national interest. One example could be equal treatment of minorities where some 'sleepy' rural village may not be fertile ground for a cautious, understanding and sympathetic stance from regulators; in such cases nothing will be accomplished but inaction, until a tougher attitude is adopted nationally. Such cases aside, a 'soft' approach is advisable.

A successful process, then, requires a joint task orientation. Actors must deal with the particular problem(s) at hand rather than maximizing their organizational goals. An important skill relates to conflict avoidance by exchanging information and then working through the differences. A zero-sum interpretation of the situation will yield no acceptable result in most cases, and the ability to sense alternatives and discuss them is a must. Mutual adjustment is inevitable and there is no mileage in holding other units accountable to predefined rules.

Even a slight knowledge of implementation processes makes it clear that it is impossible to reduce the management of interorganizational relations to *only* IGR – it becomes increasingly important to understand links to private and especially voluntary organizations (Mandell 1990). So interorganizational relations in general are important. But since at least one of the organizations involved will be public, one should not complicate the discussion more at this point. Most of the IGP-understandings of actors above will apply anyway – party politics will not be an issue, but private organizations and, especially, voluntary organizations also have a number of symbols they are not willing to give up, as well as general organizational goals and wishes to preserve autonomy.

## FROM INTEGRATED LOCAL GOVERNMENT LEADERSHIP TO IGR

What then are the challenges for our understanding of local government, in this shift from a consolidated model of organization to a more disaggregated pattern? Scandinavian local government is invested with most of the tasks of the welfare state. It pays out around two-thirds of all public expenditures. Parliament and central government set the general principles for local action within which local government acts, delivering public services and giving various forms of aid to people unable to care for themselves.

The analytical division between IGP and IGM is not the same as the obsolete division between politics and administration – apportioning some activities to politicians, some to administrators. In local government IGR, such roles are mixed. The major challenges for local government concern the policy patterns and channels of controls, and developments in local government's administrative practices. Examples are drawn from Danish experiences, but they are not dissimilar from other Scandinavian examples (Baldersheim and Stava 1993; Montin and Elander 1995). The differences stem from variation in organizational forms rather than forms of organizational interaction.

### Policy and control

Politics in intergovernmental relations seems to be strongly linked to the status and authority of the actor's level of government. In Scandinavian countries the communes have their interest organizations to speak for them, and the rationale of those organizations is to speak for local government, no matter what the minister's party affiliation. The associations of communes have sections for different policy fields where specialized and professional staff can help writing position papers for negotiations with the relevant ministry. One also finds patterns of co-operation among the large cities because they have some common needs they want to discuss in a common forum. Furthermore, co-operation between regional chapters of the associations of communes is found, and for practical purposes, communes may co-operate locally. Likewise, various service institutions may co-operate in matters of common concern.

Activities at the local level do not form a coherent pattern of control. There are differences between: genuinely local activities, services under tight state regulation, services under regulation but implemented by local boards with some discretion, and networking activities with neighbouring communes. The changes in IGR are not marked in many regulated policy fields where policies are fairly routinized. Schools, welfare benefits, day care centres and hospitals are run under general regulatory policies that do not change much. When they change it is mostly after consideration by Parliament and discussions with interest organizations and the minister (the central administration). Normally we are talking of marginal adjustments to specific clauses.

What we are more likely to find in regulatory policy fields where organi-

zational differentiation already exists, is further complication in an already established tradition of seemingly never-ending negotiation between interested parties. Policy networks have been established over time in all major policy fields. Many themes are up for discussion at any time. When interest organizations see a problem, they negotiate it with the relevant ministry and, if agreement is reached, the law is changed with little drama. The process is close to Lindblom's basic understanding of the policy-making process (Lindblom and Woodhouse 1993) as a continuing interaction between interested parties, with the chance to get at a later stage what you did not accomplish at an earlier one – although there are no guarantees. Lindblom revised his original pluralistic view of the possibilities for everyone to deal on an equal basis in his *Politics and Markets* (Lindblom 1977). Influence channels are not equally distributed, and the process does not serve a 'higher' purpose of solving problems on the basis of comprehensive analysis.

At the local level, comparable developments have taken place. Organizational differentiation means that the number of local actors has been multiplied. User boards have been challenged to develop goals and principles for their activities, but once done, the process goes on as in a regulatory framework. There is not much scientific knowledge about the role of local government politicians in processes of goal formation, but apparently they do not involve themselves very regularly. They have little interest in reviewing results within the framework of goals, and this task is mostly undertaken by the staff (Madsen 1993). The same goes for the boards of users. Their main occupation is dealing with principles for running affairs and possibly extinguishing local organizational fires, typically started by confrontations between users and staff. But what they would like to do is to get more influence over the implementation (Sørensen 1995).

If we change the subject to specific programmes, the working pattern may change significantly. Many programmes are set to run for a limited time and they are then reviewed. So, it should then be possible to analyse what happened and whether goals were achieved. This appears to be the case for the structural funds of the EU (Rasmussen 1989). They take a long period of time to set up and include protracted negotiations between the member states under the Chairmanship of the Commission. Each member state is required to set up regional programmes for the implementation of the goals set by Brussels (and local projects then apply for money). Reports are required from member states on how the programme fared in each country and region. Results are reviewed before there is a decision on another round. At the local level, the interests of actors change accordingly; interest lies not so much in running daily affairs as in strategic behaviour to get a share of the future programme. So the noteworthy thing is that regional programmes are prepared in a regional/local process of exchange to be strategically well placed – they are not based on any comprehensive or scientific analysis of the needs of the region. The science of 'muddling

through' applies in the process used by interested parties, but it is put into a quasi-rational policy cycle designed by the EU.

The discussion shows that a general understanding of policy making in fragmented systems can be developed. But there is no solid empirical research to draw upon. Are there really no party political relations in the links between town hall and user boards? Is it true that the main topics in IGP are related to symbolic policy, resource transfers and status maintenance? If IGP is a protracted process, is seniority the crux of dominance? What resources are needed to build a strong power base? These are important questions yet to be researched.

### **Modes of management**

The mergers of Scandinavian local governments gave each local government the ability to organize and finance the services of the welfare state. Finance was based on the commune's own income (in particular personal income taxes) and state grants (roughly one-third of incomes). The actual growth, first in services, later in social assistance and security, probably exceeded the dreams of most reformists. Gradually, the state increased its financial oversight of local government expenditures.

The first management challenge – of making the new, consolidated local government operational – resulted in a wave of bureaucratic planning. Most local governments before the mergers had little planning and budgeting capacity and, since most were small, had little need of it. Most activities were easily handled by a few staff. The new communes became relatively large organizational entities, and the growth coincided with a period of general faith in planning. So the state induced local government to plan. In Denmark, local governments were mandated to make four-year budgetary plans, and to plan most of their activities by sectors – for schools, child care and care of the elderly. Those plans were linked to the budgetary system. All plans were sent to the central government, and the idea was to create something close to a total public sector planning system.

In the early 1980s, the steam ran out of the planning movement – planners realized that they did not have the powers necessary to fulfil the aims of the systems (Bogason 1986). There was also quite a strong resistance among communes to planning – particularly in the small communes which did not feel any need to formalize their activities. Exhaustion of bureaucratic rule and streamlining set in, and gradually a second experimental management wave appeared. A large number of local governments were encouraged to apply for permission to vary from national regulations and try out new ways of running local affairs. Many local governments enthusiastically tried out new forms of delivering local services, and the successful experiments resulted in the change of state regulations.

The experiments led the way towards organizational separation and more autonomy for the organizations implementing services. From the late 1980s, a third managerial concept of 'management-by-objectives' crept into

local government. The politicians of local governments were no longer supposed to involve themselves in the daily affairs of running the commune – they were to use their organizational abilities to make a four-year budget and construct a general set of priorities for local activities. Implementing these priorities would then be the responsibility of the increasing number of user boards, contractors (public as well as private), neighbourhood councils and other actors created as part of the administrative reforms, implying more IGR as already demonstrated. Planning in a more general sense now involved negotiations over principles between such organizations and the town hall. The politicians stayed out of details, focusing on general goals, and the implementing organizations then had to set up sub-goals and do the operational planning.

The ideas behind the original reforms were to make each new local government self-sufficient. But the demands on local government in the 1990s differ from those of the 1960s. More action for industrial development purposes in a wide sense is required. Some activities are collaborative between communes: for example, sub-regional development schemes for tourism and industrial development are typically set up by voluntary co-operation with one major town as the core member and the rest co-operating to get the benefits of the 'magnet' of the centre. The state may initiate co-operation by offering grants to reduce initial costs; for example in cultural policy. Regional strategies for reducing unemployment are co-ordinated by a mixed body composed of state, county and commune representatives, plus representatives from regional or local industry and trade unions.

The new managerial concept emerging from, first, the experiments and then subsequent organizational separation, was evaluation. Activities could run as they wished within the anticipated limits set by the objectives for the organizations, provided they were evaluated after the fact.

This discussion refers to the 'local welfare state' services. A relatively small but growing number of activities are part of EU-programmes, largely the structural development schemes and therefore applying to areas under some economic stress. These programmes are set up by a complicated IGR-process involving EU, national governmental bodies and local governments. This model seems to be spreading in the EU, as one can see in the processes of, for example, setting up research priority programmes. But there is little research on those processes.

There is a lack of systematic evidence of the results of management by objectives and other new management principles in the links between town hall and service organizations. Are we seeing new instruments of maintaining hierarchical relations, or does the democratic basis of user boards generate new understandings of what are proper relationships between them? Are there variations in the properties of relations, or are uniform patterns emerging? Again we need systematic research.

## DEMANDS ON LOCAL GOVERNMENT RESEARCH

Developments in Scandinavian local government have led the countries, especially Denmark and Sweden, towards a more differentiated or fragmented pattern of public organizations; *organizational separation* by various versions of contracting out, by strengthening the autonomy of service organizations, and by inter-communal co-operation; and *democratization* from below by neighbourhood councils, user boards of directors and by special grant schemes – the three last examples, in and by themselves, also create organizational separation.

This development is not well understood by existing theories of local government. For the sake of a broader understanding, it should be noted that other public administration theorists have also observed comparable trends at a much more abstract level. For instance, White and McSwain (1990, pp. 49–56) discuss the consequences of disaggregation of society and the random, conflicting inputs to the political system. This development creates a constant mood of change with many new programmes and interventions based on shifting constituencies of policy with little in common. Public administrators face challenges of mediating and structuring this plethora of demands. There is a need to maintain an institutional context which creates meaning for action; to engage in 'reconstructing society' (presumably because conflicting demands tend to undermine a society) by mediation and to let public organizations secure consistency and links between initiatives. These tasks stress the need for public administrators (of great personal integrity and wisdom!) who are capable of understanding action as a continuing process of co-operation between individuals and organizations.

If we follow such lines of thought and apply them to local government, one challenge for future public administration, and therefore for local government, will be the undermining of the bureaucratic paradigm for organization built into the Scandinavian local government reforms of the 1960s. There is less and less acceptance of a command system whose standardized decisions are becoming archaic, given the differentiation of population served. Bureaucratic procedures emphasize the accountability to the managerial and political élite, giving street-level bureaucrats and the operating service organizations little discretion. The changing environment demands constant revisions of decisions, which a distant town hall bureaucracy cannot deliver in time.

Mainstream theories of local government have not been helpful to make us understand the challenges to the leadership of communes in new organizational forms. What are the consequences, first, for output in a more narrow resource allocation sense, and, second, for citizens in a broader democratic sense? IGR offer some concepts for discussing such consequences. There are some more formal aspects to IGR which may be understood as intergovernmental politics dealing with statutory problems and resource

transfers, but a symbolic aspect may also be important. Intergovernmental management deals more with the informal aspects, negotiations and adjustments in order to create a minimum of joint task orientation among the participants. IGR may soon develop into some version of constant deliberation between formal organizations. Typical of those relations will probably be, however, that actors are part-time and specialized user representatives and staff on middle-to-high levels of the career ladder.

Most policy-making processes, then, will not take place as ever-progressing, linear advances based on clear chains of control, developing particular policies within a network of well-defined actors, working as closed organizations with clear goals and strategies. Instead we see a complex web of actors, each working on particular parts of a large welfare state network of organizations, each with a different formal status. These are trends towards fragmentation rather than cohesion. The responsibility at the top is acknowledged and declared as symbolic, but the reality is that the top can only control a few principles at the bottom. Many concurrent experiments give ambiguous signals to policy-makers at the top.

So I conclude that the development towards new forms of IGR change the working conditions of local government councils and executives to a degree that challenges the rationale of the organizational bureaucratic pattern established by the post-war reforms. The reforms led to a rational decision-making process stressing strategic goal-setting followed by centralized, formal chains of control. Some forms of inter-organizational cooperation probably will make participants focus more clearly on strategic interests – these include the EU structural programmes. But most will become part of the ever-increasing complexity of local policy making where more and more interests will become involved in running the service organizations of the advanced welfare state.

The challenge of this trend will be that more and more time is devoted to such concurrent negotiation processes. Local government research must face this analytical challenge. The focus must shift from top politicians and top executives and the relations between them, to a broader range of actors in various organizational settings. Research interests must broaden from strategic goal-setting to include short-term and tactical adaptation. The general perspective must change from the closed nature of the bureaucratic decision making to cover IGR in which more and more citizens take part in determining the quality and quantity of important services.

The development towards more IGR and the increased involvement of citizens in policy making and implementation may reduce the danger of alienating citizens to political processes; a danger inherent in the general bureaucratic development of Western Europe, and visible in the traditional Scandinavian model of local government. But there is no way of understanding this trend in the social sciences until the research community accepts the challenge and changes its research perspective accordingly.

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# COMPLEX SOCIAL ORGANIZATION: MULTIPLE ORGANIZING MODES, STRUCTURAL INCONGRUENCE, AND MECHANISMS OF INTEGRATION

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This article conceptualizes and analyses a type of complex social organization consisting of heterogeneous organizing modes and social relationships, combining, for instance, relationships making up markets and hierarchies as well as various types of informal networks. Each mode is constituted and regulated on the basis of a system of social rules making up a particular normative order and operates in terms of its own particular rationality or social logic. When modes are combined or integrated into multi-institutional complexes or organizations, the resultant structure entails zones of incongruence and tension at the junctures or interfaces of the different organizing modes and social relationships. The article identifies a number of such incongruent organizing modes that are common in complex social organizations or inter-institutional complexes. It goes on to identify several of the institutional strategies and arrangements including rituals, non-task-oriented discourses, and mediating roles that actors develop and institutionalize in dealing effectively with incongruences and potential conflicts in complex, heterogeneous organizations. The article suggests that problems of structural incongruence – and the tensions and conflicts that arise in connection with it as well as responses to these – are major features of complex organizational and inter-institutional arrangements. Moreover, it suggests that social order – the shaping of congruent, meaningful experiences – in these complex organizations as in most social life builds on non-rational foundations such as rituals and non-instrumental discourses. These contribute to maintaining social order and to providing a stable context, even for rational decision-making and action.

## INTRODUCTION

This article focuses on complex social organizations with a heterogeneity of social relationships and modes of organization. Such complex organizational and socio-technical systems are commonplace: the modern state as a complex of institutional arrangements (for example bureaucratic, democratic, federative, formal and informal networks); the modern corporation together with its networks of relationships to other organizations in its environment; many large-scale socio-technical systems such as hydro-

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power, nuclear, and electricity systems (Andersen and Burns 1992); large-scale medical systems with hospitals, clinics, professional organizations, networks of voluntary associations and regulative agencies (Machado 1996, 1998); modern universities consisting of bureaucratic, professional, and democratic organizing modes and institutional arrangements. A complex organization has multiple goals and entails a variety of normative and symbolic bases. Although it typically exhibits contradictory features, it may operate in a more or less integrated way. The point of departure for the article can be formulated in the following basic premises:

(1) The article conceptualizes complex social organization as consisting of heterogeneous modes of organizing, combining for example different types of relationships: administration, market relations, democratic associations, various types of networks, etc. (Porter (1990) refers to inter-institutional settings and complexes). While the empirical focus in the article is, in large part, on medical systems, the approach we suggest can be applied to a variety of complex organizations.

(2) Each mode of organizing in a complex heterogeneous system has its own organizing principle, constitutive rules, norms, cognitive frame of reality, social positions and roles with defined rights and obligations, its own mechanisms of integration and conflict resolution. Each has an identity and is characterized by various 'boundary maintenance strategies and mechanisms', that is exclusion of 'foreign' or invasive elements that threaten the integrity and identity of the formation. The modes are kept separate, in large part, in order to minimize confusion, increase predictability, and 'effectiveness'. The identities and particular 'rationalities' of the organizing modes, with particular social structures, practical operating skills and strategies, and patterns of operation, are established and maintained as distinct.

(3) An organizing mode and its institutional formation are specialized, designed for certain purposes, part of an organizational division of labour or function. This is not only a question of transaction costs or effectiveness. It is also a question of legitimacy. Thus, the democratic mode is considered right and proper when it comes to selection of political leaders, law-making, and policy-formation, that is, matters that should be based on the 'will of the people'. An administrative system, on the other hand, should assure the effective implementation of policies, programmes, and rules.

In many modern social organizations, several modes are combined in order to deal effectively with diverse problems including demands for legitimacy. Thus, the modern state provides services, regulates, collects taxes, and makes laws and policies; different organizing modes are utilized – and are expected to be utilized – in organizing and performing such a variety of activities. The same can be said about a modern university or a hospital complex.

(4) The different modes of organizing and rationalities with their particular rule systems, norms, values, and practices are typically not fully

congruent. At the same time that they are linked through functional and other interdependencies, their points of contact or interface entail incongruencies and tensions. At these points or zones, there is potential ambiguity, confusion and conflict. Agents and processes may clash. That is, the different modes or rationalities of organizing embody structural sources of tension and conflict.

(5) Actors involved in any given organizing mode within a complex social organization typically try to maintain the integrity, the defining characteristics of their own institutionalized organizing mode. At the same time, some work to resolve or minimize incompatibilities, incoherence, tensions and conflicts at the interfaces with other organizing modes. In a certain sense, differentiating and oppositional processes are combined – or closely associated with – harmonizing, integrating processes in any complex organization (Simmel 1955). This is a type of pattern studied earlier, for example by Blau (1955); Blau and Scott (1962); Brunsson 1989; Lawrence and Lorsch (1967) and Selznick (1953, 1957).

Our approach to these problems is grounded in the new institutionalism (March and Olsen 1984; Powell and DiMaggio 1991; Scott 1995) and makes explicit systematic use of concepts such as rule, rule system, ritual, and discourse, whereas much of the earlier work utilized the language and concepts of systems theory, for example socio-technical systems (Emery 1969; Trist 1981; see also Scott 1981).

The article has two aims: first, to explain the normative and structural bases of incongruence and tension in many complex, large-scale social organizations based on multiple modes of social organization; second, to identify and examine particular structures and processes of integrating highly differentiated or heterogeneous systems; that is, the ways in which incongruencies and tensions – and conflicts arising in connection with them – are dealt with in complex social organizations. Our point of departure is the normative basis of social relationships and institutionalized modes of organizing. We end by pointing out that a number of the social strategies and mechanisms to deal with contradiction and conflict in complex social organization are non-rational in character.

The article is divided into four parts: part I differentiates types of organizing modes and their institutional realizations; part II identifies zones of incongruence and tension between organizing modes and their distinct rationalities; and part III identifies mediating and integrative mechanisms that contribute to the construction and functioning of complex social organization based on heterogeneous modes of organizing. In a concluding section, we suggest a few implications of our approach for arguments relating to the rationality of organizing.

## I MULTIPLE ORGANIZING MODES AND THEIR INSTITUTIONAL FORMS IN COMPLEX SOCIAL ORGANIZATIONS

### 1 Social rule systems and institutionalized social relationships

A basic premise of our work is that most human social activity – in all its extraordinary variety – is organized and regulated by socially produced and reproduced rules and systems of rules (Burns *et al.* 1985; Burns and Dietz 1997; Burns and Flam 1987; Machado 1998).<sup>1</sup> On the macro-level of culture and institutional arrangements we speak of rule system complexes (language, symbol systems, cultural codes and forms, and values as well as social institution). On the actor level, we refer to particular grammars and rule sets, norms and procedures (for example, procedures of order, turntaking, and voting in committees and democratic bodies), and, in general, the 'rules of the game'. In this theory (Burns and Dietz 1997; Burns and Flam 1987), an *institution* is conceptualized in the following way: (1) an authoritative rule system or rule regime guides, organizes, co-ordinates, and regulates social activities in a particular institutional domain;<sup>2</sup> (2) the rule regime which defines and constitutes a social order, with particular positions and relationships, a system of authority and power; in part defining the actors that must or may (or may not) take part in the interactions – the legitimate or appropriate participants in the domain, their rights and obligations *vis-à-vis* one another and, in general, their roles in the setting(s) and their access to and control over strategic resources; (3) the rules also provide a basis for knowledgeable actors to interpret, understand and make sense of what goes on in an institutional domain; (4) key values, norms and beliefs are referred to in normative discourses, giving accounts, criticizing and exonerating activities, decisions, and developments in the institutional domain.

Most modern institutions such as business enterprises, government agencies, democratic associations, religious congregations, scientific communities, and markets are organized and regulated in relatively separate autonomous spheres or domains, each distinguishable from others on the basis of distinctive rule systems (Burns and Flam 1987). Actors in each institutional domain are oriented to the rule system(s) that has legitimacy in the context and utilize it in structuring, co-ordinating, and regulating their social transactions. That is, the mode of interaction between actors and the mechanisms of co-ordination for each social relationship or institutional domain correspond to a particular *social rule system* with its own distinct logic or rationality (Burns and Flam 1987, p. 75). Each rationality involves not only specific organizing principles and transaction rules, but a jurisdiction of meaning. It defines and distinguishes the legitimate actors (to be included, respectively excluded) in the collective activity, the proper types of actions and interactions to be performed in the setting, the appropriate times and places to engage in the activity or activities.

A *system of rules* entails then, a complex of social relationships, role gram-

mars, 'rules of the game', etc., specifying to a greater or lesser extent who may or should participate, and who is excluded (that is, should not participate), who should do what, when, where, and how, and in relation to whom (Burns and Flam 1987). Thus the system organizes specified actor categories or roles *vis-à-vis* one another and defines their rights and obligations, including rules of command and obedience, and their access to and control over human and material resources; it also specifies the classifications, definitions, and proper discourses taking place within the institutional domain. Thus, an institution as a rule regime provides an organized, meaningful basis for actors to relate to one another and to organize and co-ordinate their interactions. In guiding and regulating interaction, the rules give recognizable behaviour characteristic patterns. They make the patterns understandable and meaningful for those sharing in the rule knowledge.

Social rule systems play an important role in cognitive processes, in part by organizing actors' perceptions in a given institutional setting or domain, for instance indicating which aspects of a situation are to be considered as relevant facts in defining and understanding the situation (Anspach 1993; Burns and Flam 1987; Goffman 1974; Harre and Gillet 1994, p. 20ff). Common rules provide an intersubjective and collective basis for members of a group or collectivity to answer some of the following key questions. What is going on in this situation? What kind of activity is this? Who is who? What is being done? Why is this being done? The participating actors – as well as knowledgeable observers – can understand in *intersubjective ways* the situation and, in a certain sense, predict what will happen in the interactions on the basis of the applied rules (hence, our notion of rule-based interpretative schemes). The actors share a socio-cultural frame, based on the complex of social rule systems, including language which shapes their perceptions, orients them, and guides them in constituting, organizing, and regulating their activities. In other words, a rule system also provides an *interpretative frame* that enables actors to meaningfully interpret their circumstances and to construct and understand a reality in common ways.

Social rules are also important in *normative and moral discourses* relating to social interaction. Participants refer to the rules in giving accounts,<sup>3</sup> in justifying or criticizing what is being done, or not done, in arguing for what should or should not be done, and also in their social attribution of who should be blamed for performance failures, or credited with success. When they give accounts (referring to the rules), actors may exploit particular rules as part of a strategy to gain legitimacy, to 'justify' an activity, or to convince others that particular actions are 'right and proper', or conversely criticize and delegitimize particular actions and actors.

In our approach, different relationships and complexes of relationships found in institutional formations are conceptualized and made understandable in terms of the different rules and grammars for constituting and regulating them. The particular definitions and classifications of any given

institution – whether market, bureaucracy, democratic association, or religious community – not only identify in part a particular *social order* but generate a collective reality with its particular patterns of thinking, acting, interacting, in other words, a type of *rationality or logic* generated on the basis of a specific system of rules (Burns and Flam 1987; Karpik 1982; Witrock 1986).

## 2 Major types of institutional relationships distinguished on dimensions of formalization and hierarchy

The organizational literature has succeeded in identifying several modes of social organizing such as hierarchy or bureaucracy, markets, networks (or clans in Ouchi 1980; Nohria and Eccles 1992; Thompson *et al.* 1991; Wellman and Berkowitz 1988) as well as judicial, democratic, and community modes of organizing and co-ordinating, etc. (Burns and Flam 1987; for an explicit treatment of organizing modes, see Jorgensen 1993 and Ouchi 1980). Underlying any given mode are particular social relationships that can be differentiated by such dimensions as degree of boundedness (primary versus secondary relationships), formalization, and hierarchization. Variation in the degree of hierarchization and degree of formalization of relationships are found in the different modes of organizing and co-ordinating (see table 1): (a) administrative co-ordination (formal rules and vertical relationships), (b) formal market or contractual type of co-ordination (formal type rules

TABLE 1 *Types of institutionalized organizing modes*

	HORIZONTAL MODES	VERTICAL MODES
<i>Formalized</i>	Modern market, Formal democracy	Administrative order; (bureaucracy) <sup>i</sup> , Judiciary
<i>Non-formalized</i>	Collegial and professional networks <sup>ii</sup> , natural organic markets <sup>iii</sup> ; organic democracy <sup>iv</sup>	Status relations in networks, e.g. some relations in professional networks <sup>ii</sup>

<sup>i</sup>As Weber stressed, 'bureaucracy' can refer to a variety of administrative systems, varying from patrimonial types to rational-legal

<sup>ii</sup>Networks involving primary or secondary ties are characterized by diffuse boundaries. Rights, duties, responsibilities, norms, claims, etc. are more negotiable locally and are less well-defined or predictable than in formal systems, as indicated here. Network relations may exhibit either horizontal or hierarchical traits (Rhodes 1991).

<sup>iii</sup>Modern markets are legally and administratively regulated, formalized to a greater or lesser extent, that is, rather visible hand(s) (Bogason 1996). They are formal rather than informal or organic (see footnote 19).

<sup>iv</sup>Formal democracy consists of a set of formal rules about who votes, what positions or roles there are, voting procedures to be followed, etc. Organic democracy entails associations or groups that make decisions and formulate policies, but the rule systems and procedures whereby they constitute and regulate their activities are informal ones (not legally actionable). Similarly, markets may emerge and develop on the basis of informal norms, rules, and positions, but modern markets are typically subject to legal and administrative regulation.

and horizontal relationships), and (c) network co-ordination (based typically on informal rules with either horizontal or vertical relations). In the following paragraphs we briefly describe different types of organizing modes and particular variants that may obtain in a complex organization.

#### *Administrative relationships*

Administrative relationships are characterized by relations of superordination and subordination (a form of hierarchy), formalization of rules, specialization of function, objective qualifications, and qualities of office, patterning behaviour according to a fixed set of formal or explicit rules (Burns and Flam 1987, pp. 216–219; Frances *et al.* 1991, p. 10; Scott 1981, pp. 68–71; Weber 1968). An administrative system integrates different units under a single authority or control structure.

#### *Market and contractual relationships*

A market is a type of social organization that enables buyers and sellers to come together and exchange (Burns and Flam 1987, chapters 8 and 9; Thompson *et al.* 1991).<sup>4</sup> Markets as a particular normative and institutional order – with laws, group and community norms, regulations, and conventions – structure and regulate market entry (who participates, who is excluded), transaction forms and procedures and where and when market activities or transactions are to take place.

Market relations are largely non-hierarchical in character. This type of relation is sustained by a rationality of co-ordination based on participants pursuing their self-interests and exchanging voluntarily goods and services (at agreed prices) (Thompson *et al.* 1991, p. 9). Self-interested pursuits are normatively grounded and legitimate in market settings (but not, for instance, in families or close-knit communities).

Market type rules may vary, from the most formal variant such as those defining the proper form(s) of contracts between partners, to the less formal variant as in illegal markets. Typically, the buyer and the seller both know what is being bought and sold and the agreed price. The formal aspect of market relationships appears not so much in its core exchange structure as in the determination of limits.

Some of the formal rules and regulations defining modern market transactions are clearly stipulated in the regulation of goods (for example, quality controls of food or electrical appliances) and in the restriction of some critical goods (for example dangerous chemicals, drugs or human body parts) (Burns and Flam 1987, chapter 9). Informal rules are the result of a market operating in a social context with moral boundaries (widespread cultural conceptions of what are socially acceptable as 'commodities' or 'marketable' goods, that is a type of 'moral efficiency' satisfying community values). Market processes are supported by extra-market norms and understandings, for example, those underlying trust (market exchange of complex items as well as services and labour are particularly difficult to arrange without a well-developed normative and legal order).



*Network relationships*

The network concept (Nohria and Eccles 1992; Powell 1990; Rhodes 1991; Rhodes and Marsh 1992; Thompson *et al.* 1991; Wellman and Berkowitz 1988, among others) refers typically to informal relationships between social agents and agencies. These can emerge and operate on the basis of, for example, friendship, kinship or ethnic relationships. Or in the business world, one observes trading partners and enduring business contacts and networking – not only spot exchanges and formal contractual relations (Forsgren and Johanson 1992). In general, network relationships are non-formalized relationships – vertical as well as horizontal – between social actors.<sup>5</sup> The collegiate network within a profession is a common example of egalitarian relationships (Frances *et al.* 1991, p. 14). At the same time, professionals, for instance physicians in a hospital or medical school, are differentiated in prestige and status, in some cases irrespective of the formal positions they hold. Patron–client networks may also be hierarchical, yet typically non-formalized in character.

Networks tend to emerge outside and within the interstices of formal social relations. They appear in the form of more or less established ties, kin and friendship relationships, business and professional ties, etc.<sup>6</sup> The co-ordination of networks is not always overtly open to accountability (Thompson *et al.* 1991, p. 14). In contrast to bureaucracies and markets, the central co-ordination mechanism is based on a high degree of mutual trust and commitment, whether personal or professional.

## II INCONGRUENCE AND TENSIONS BETWEEN ORGANIZING MODES AND INSTITUTIONAL RELATIONSHIPS

Applying the concept of types of relationships and their distinct modalities and underlying rule systems, this section outlines a structural approach to complex social organization and some of its particular systemic problems. The purpose is to identify zones of incongruence and tension within a complex social organization such as a hospital or university. For example, a complex may link business, university, and government agents, as in the development of bio-technologies that depends on a nexus of various institutionalized relationships and organizing modes.

Complex social organizations are often characterized by *heterogeneous relationships*. Other sources of complexity are diversity of technologies (Joerges 1988) and the number of different specialities (or division of labour) (Alter and Hage 1993).<sup>7</sup> The latter may or may not be correlated with heterogeneity of relationships. In our view, however, *the most critical problems arise from heterogeneous, especially incongruent relationships*. Such configurations make some complex organizations particularly vulnerable to tension and conflict. Costs associated with tensions and conflict contribute to increased transaction costs (Williamson 1975; Ouchi 1980) within the complex organization.

In the organizational literature on complexity, there is some recognition

that combining heterogeneous relationships, such as those of bureaucracy, market, and network, cannot be accomplished without problems (Thompson *et al.* 1991; Nohria and Eccles 1992; Powell 1990; Wellman and Berkowitz 1988). Typically, however, the problems are seen as co-ordination problems, technical or managerial (in a limited sense) in character, or as differences in professional and occupational perspectives (Alter and Hage 1993). It is rare that organizational researchers conceptualize these in terms of normative factors underlying contradiction, tension and conflict. Cleavages and tensions are generated at the interfaces between different types of organizing modes or social relationships in that they entail distinct *normative orders* or moral worlds.

Empirical work in organizational studies has identified a number of structurally based tensions and conflicts within organizations or organizational networks: bureaucrats versus professionals (Blau and Scott 1962); locals versus cosmopolitan influentials (Merton 1957); staff versus line (Dalton 1959), production and sales, production and inspection, management and union; also, positions or roles that entailed a nexus of structurally based contradictory expectations or demands such as that of foreman, school superintendent, etc. have been identified. Lawrence and Lorsch (1967, 1972) made significant contributions in identifying and emphasizing problems of conflict based on system differentiation and incompatibility – and the importance of resolving such conflicts and integrating differentiated units (1972, p. 355):

In complex organisations having differentiated subsystems with different goals, norms, and orientations, it appeared that intergroup conflict would be an inevitable part of organisational life. The effective achievement of integration through the use of teams and other interpersonal contacts, therefore, would be closely related to the ability of the organisation to resolve these conflicts.

Along the same lines – and referring to the work of Lawrence and Lorsch, among others – Scott (1981, p. 247) stresses the correlation between integration of differentiated departments – and by extension, groups, institutionalized organizing modes, etc. – and performance effectiveness:

*The more differentiated the departments, the more likely were disagreements and conflicts to develop and the more difficult the problems of co-ordinating and integrating their work.* One implication is the more differentiated the departments and the more successful the organisation in integrating their efforts, the more effective the organisation.

Important foci of structural tension in complex social organization relate to patterns of incongruence between the types of organizing modes and social relationships in the organization that converge or confront one another in such contexts.<sup>8</sup> Incongruent rules and rule systems cannot be performed

simultaneously (at the same place and the same time), and moreover carry or are associated with different moral perspectives.

### **1 Administrative mode contra other modes of organizing**

An administrative organization characterized by hierarchy, fixed rules, standardization and detailed predictability is incongruent with social networks governed by norms stressing mutuality, flexibility and openness, for example friendship networks (Heimer 1992).

A common source of incongruence and tension in professional organizations is the interface between professionals and clients. For example, in hospital settings, this involves confrontation between the universalistic, more or less fixed rules of the hospital, its clinics, operating rooms, and various routine tasks, on the one hand, and the particularistic – and wide ranging – rules of family relationships. Fox (1989, p. 147) refers to such incongruence and tensions in instances when the universalistic, 'detached concern' of medical personnel is confronted with the profound concerns of next-of-kin in the context of death and dying. She points out (1988, p. 429) that the nurses and physicians who care for dying patients need special defences and supports to help them maintain 'detached concern' in situations that normally arouse the deepest kind of anxiety and questioning about human suffering and mortality.

In common with other bureaucracies, the hospital is bound by formal rules, in particular the rules that describe and regulate how the bodies of patients who die in the hospital should be prepared, labelled, and transported to the morgue (Fox 1989, p. 147). For instance, in one metropolitan, university-affiliated, not-for-profit hospital, such rules were issued by the hospital's division of nursing and its transport service department, and co-signed by an associate administrator nurse in charge of patient support and therapeutic services and by the director of the transport services. The rules were elaborated in sufficient detail to cover 15 single-spaced typed pages (with five distinct sections). Fox (1989, p. 147) reports:

The stated purpose of the meticulously spelled out procedural rules in the document were 'to provide respectful care of the deceased; comply with documentation standards; provide patients' significant others with the opportunity for grieving; and, when applicable, to prevent the spread of infection or possible radioactive contamination in hospital personnel and morticians.

Such administrative jargon and rule elaboration diverge from the principles of sacrality that relate in general to the human dead; these are relevant not only for the next-of-kin and friends of the deceased but for many medical personnel. A substantial sociological literature provides accounts of critical, symbolic cases – whether the dying child or youth, the suicidal patient – that bring questions of meaning and moral worth so acutely to the surface that institutionalized rules and procedures for dealing with death tempor-

arily breakdown, and with them the usual capacity of medical personnel to manage their feelings and the situation (Fox 1988, p. 429). Regardless of how standardized and secular professional hospital procedures may be, Fox concludes (1989, p. 150), pronouncing a patient dead, cleaning and arranging the body for viewing, shrouding it, transporting and accompanying it, and readying it for burial are inherently sacred, ancient religious rituals (latently influenced, in the West, by Judeo-Christian traditions). The 'detached concern' and administrative rules and procedures prevailing in the modern hospital are a frequent source of dissonance and tension in the face of the sacred principles of post-mortem care, particularly (but not only) in the context of relatives and friends grieving for the deceased.

The interface of bureaucracy and market is another setting giving rise to tension and conflict, because they entail not only differing organizing and co-ordinating modes but distinct moral orders. A major characteristic of a bureaucracy is the normative stress on authority, order, and predictability as well as loyalty to the organization. On the other hand, a key normative principle of market is competition and minimum mutual loyalty; there are strong predispositions to place value on those who are effective, not necessarily those who have authority or those who are loyal. Bureaucratic agents operating on markets tend to react against these conditions. They are disposed to try to organize a market, establishing 'order' and predictability, through extending bureaucratic principles to the market: administrative co-ordination, elimination of competition including overlap (duplication of tasks or responsibilities of agencies), fostering of loyalty. The structuring of such administered markets replaces the market-organizing mode with a bureaucratic organizing mode (of course, some formal markets are characterized by laws and regulations against such relationships and practices, treating them as exclusionary, monopolistic or cartel-like).

## **2 Profession, bureaucracy, and market: 'tension prone' relations**

Tension arising at the interface between professional and bureaucratic relationships is a well-studied phenomenon in the organizational literature (Blau 1955; Blau and Scott 1962). Perrow (1979) and Cockerham (1978) have stressed that relationships organized on a professional basis tend to generate tensions if combined with bureaucratic relationships within the same organization or unit (Parsons 1964). Thus, an individual may be the administrative supervisor (bureaucratic authority) over another with a higher professional competence but still under the authority of the former). This type of incongruity – typical of hospitals and universities as examples of professional bureaucracies – is a chronic source of tension and conflict.

Professionals often have difficulties when they participate in complex organizations or networks involving government agencies or market actors because their professional norms and roles do not readily fit in such institutional contexts (Porter 1990). Porter (1990, p. 20) points out that govern-

ment agents and political bodies follow normative rules and strategies that emphasize the balancing of interests among different groups, rather than determining the 'right method' to conduct research or to treat clients and listening to reasoned arguments based on data, research, and written reports. Or in matters of remuneration, academics tend to apply professional norms to such issues as scales of compensation, giving the highest salaries to the professionally most prestigious and successful. Market forces, however, often overwhelm these professional norms (Porter 1990, p. 20). A further source of incongruence between professions and market forces relates to different moral or ethical perspectives on health and matters of life or death. Medical professions are ill-disposed to putting a price on health or on life-and-death matters. However, market-based health insurance and medical organizations (but also public ones) subject to market rules do just this, calculating costs, gains, and losses. Thus, market or market-like processes may operate to minimize or cut costly procedures and treatments – procedures and treatments which physicians and nurses may consider essential both for medical and ethical reasons. Such incongruence, and related tensions and conflicts, are endemic in contemporary hospitals and clinics.

### **3 Markets and networks**

Many networks are based on rule complexes that are in large part incompatible with market rules. This is most obvious in networks that are characterized by anti-competitive and solidaristic norms. Hence, the predicaments and difficulties friends face in doing business with one another. The moral order of friendship does not readily fit with the moral order of a market, particularly when the stakes are large. Another case in point is professions oriented and committed to particular norms, values and practices, but operating in market contexts where there are strong pressures to pursue profits and ruthless competition that minimize or erode professional norms and values. Even those networks that emerge and develop in connection with market exchange are characterized by norms which are not fully compatible with or characteristic of market rules and orientations. For example, industrial networks (between suppliers and producers) often become long-term linkages with norms that make for forms of solidarity and mutual trust (Forsgren and Johanson 1992). In such relationships, the actors share strategic information and minimize competition. While costs and prices remain important, they are not primary. The market mode is replaced by a solidary network mode.

### **4 Tensions between networks**

Any given network has its particular rule system and makes up a moral order. At the interfaces between qualitatively different networks, for example medical professional networks and kinship networks in the hospital context, actors are predisposed by their particular network ties to apply

different rules in their transactions. However similar they may appear structurally, professional and next-of-kin make up substantially different moral orders, with a differing language and discourse, ritual, (cognitive) jurisdictions, power distribution, intensity of ties between their members, alliances, and dynamics. *In general, networks must be distinguished not only in structural terms but in cultural and moral terms, that is in terms of characteristic norms and values, rituals, and discourses.*

Structural tensions in a complex organization such as a modern hospital setting are observable at network interfaces or boundaries between different types of network. For instance, the interaction between physicians and the relatives of a patient or recently deceased often produces a difficult situation for both sides (Machado 1998). These situations are an instance of structural tension between the network of the next of kin with their particular norms and values, and the physicians in a professional network with its own norms and values. The secular professional norms and values of medicine confront those of the family.

Medical professionals maintain jurisdiction over issues regarded as falling within medically defined areas of authority and competence. Next of kin have jurisdiction over decisions defined as family matters. In the encounter between actors in these two networks, competition arises between professional and family jurisdictions, thus opening possibilities for tensions and conflict at the interface (Anspach 1993). For example, a family may object to the medical diagnosis that a patient is 'beyond hope', because of their commitment to the relative or to a particular religious belief:

In general, the role of the physician is ambiguous in this interface between the 'profane' professional world of medicine and the solidary, emotional world of a family caring about a sick relative or mourning the deceased. Issues of 'futility', mode of treatment, organ request, etc. do not follow the typical patient-physician interaction pattern, with clear procedural boundaries. The next-of-kin of a deceased donor have their own internal rules, obligations and loyalties, and may find it difficult to accept or comply with the demands or expectations of the medical order (for example that organs for transplantation and research be extracted from the body of the deceased).

## **5 Complex social organizations consisting of heterogeneous organizing modes and institutionalized relationships**

One main point here has been that complexes of heterogeneous relationships or inter-institutional complexes are problematic, giving rise to particular patterns of tension, conflict, and disorder. Each distinct relationship or organizing mode has its own modality and logic, its underlying rule system which orients and regulates the actors adhering or governed by it. Each makes up a moral order. Such a normative-structural theory of social organization (based on the concepts of rule system and multiple systems of rules) enables us to identify *zones of incongruence and tension* arising at

the interfaces between different types of relationships within any complex social organization. We have indicated a few such zones. The approach can be generalized in at least two senses. First, one can apply the approach to a variety of complex social organizations: government, universities, multinational or transactional companies, especially those constructed on the basis of multiple organizational modes and networks of relationships. Second, one can systematically identify a wide range of zones of incongruence within any complex organization.

While different types of relationships can be combined or even well integrated into more complex arrangements, typically this cannot be done without problems. Alter and Hage (1993), in their study of service systems (educational, medical, mental health care), report that highly differentiated, complex organizational arrangements are strongly correlated with disharmony and conflict. They (1993, p. 94) point out: 'complexity and differentiation . . . means that the range of differently trained workers, different perspectives, and unrealistic expectations will be high, which in turn increases opportunities for conflict and combat'. Indeed, problems in mixing institutional forms and types of relationships have been recognized in some of the organizational literature (Jorgensen 1993; Bradach and Eccles 1989; Hood and Schuppert 1988, ch. 17; Kickert and Jorgensen 1995; Lawrence and Lorsch 1967; Powell 1990; Stinchcombe 1985).

Market, administrative hierarchy, interpersonal networks, and democratic associations are incongruent organizing modes. Nevertheless, empirical studies indicate that such distinct social relationships are combinable with each other in a variety of ways, for example informal interpersonal networks in the context of a formal organization. Moreover, administrative hierarchies display features of markets, and markets exhibit traits of hierarchy (Burns and Flam 1987). In view of such mixing, some organizational theorists, for example Eccles and Granovetter (see Powell (1990, p. 267)) question whether distinctions in organizational forms such as market, administrative hierarchy, and network are useful at all, in part because sharp demarcations rarely if at all exist – all forms of human interaction and exchange entailing elements of the different forms. However, in our view these distinctions are essential, since they are grounded in different rule systems, moral orders and types of rationality. The approach outlined in this article alerts one to the problems of heterogeneous or multi-institutional complexes, in particular sources and patterns of incongruence and tension (Machado 1996, 1998).

DiMaggio (1992, p. 132) has suggested, without actually employing such a concept, that zones of incongruence or contradiction occurring in organizational structures make for unpredictability and disorder. Moreover, these structural conditions may interfere with or block the capacity of the organization and its members to act effectively, unless ways are found to manage or deal with such problems. The effective functioning of any complex organization requires the co-ordination and harmonization of incongruous

modes of organization and their realizations in concrete programmes and domains of activity. The structural conditions of incongruence can interfere with the capacity of an organization, and its members, to act effectively. Interface incongruences are weak points in a complex organization, potentially giving rise to tension and conflict costs, that can substantially *multiply transaction costs*. In the next section we will address the question of how organizations, or more precisely their members, deal with the structural incongruences (and related contradictions in rule systems) that arise in complex social organizations, in part through various integrative mechanisms.<sup>9</sup>

### III MEDIATING AND INTEGRATIVE MECHANISMS IN COMPLEX SOCIAL ORGANIZATIONS

Below we examine a variety of mechanisms that operate to minimize the effects of incongruence and to harmonize the heterogeneous parts of a complex organization. One of the more important mechanisms is, of course, that actors faced with similar problems can find mutual gains in common projects or undertakings, that is that there is a type of instrumental rationality. This basis for integration is insufficient, however, for enduring or stabilized integration, in part because any rationally motivated order – whether explicitly negotiated or not – is subject to situational conditions and shifts in the preferences of the actors. Under complex, dynamic circumstances, this is not a solid or reliable basis for social integration of disparate units. Moreover, convergence and calculation depend on shared frames for classifying, for determining right and proper actions and transactions (for example determining fair conditions and just distributions) as well as determining the right and proper normative discourses which agents utilize in their negotiations. More robust integrative mechanisms are necessary, at least to complement rational-based integration, and even to assure stable integration when a rational basis for order fails.

In the following paragraphs, we identify and exemplify a variety of mechanisms that operate to minimize the effects of incongruence and to harmonize heterogeneous parts of a complex organization. Mediating roles or actors, ritual, discourse and other institutional strategies play a key part in organizational integration, co-ordination across relationships, and reduction or resolution of tensions in complex organization based on multiple rule systems and distinct normative orders.

#### 1 Organizational structure and 'spacing'

One of the major organizational strategies in reducing ambiguity and dissonance produced by incongruent situations (for example where rules and norms corresponding to different organizing modes or institutional domains clash) is to separate the incongruent arrangements (and their modes or rationalities of organizing) into discrete domains or spheres. 'Spacing' manoeuvres, both in time and space, are classical organizational devices to structure and articulate different and even incongruous rule sys-



tems in organizational aggregates. Thus, incongruence, misunderstandings, and conflict are reduced by creating distinct, separate domains – each with its own rules, relationships, and action logics.

Often it is claimed that the division of labour in organizations is motivated by instrumental rationality, for instance more effective performance, etc. But the perspective outlined here suggests that *such division of labour may be motivated by concerns about reducing contradiction and ambiguity and conflict in the organizational context*. Moreover, as one of us has pointed out elsewhere (Machado 1998), there are typically rules, procedures, and discourses to regulate a critical boundary and the passages between domains; for instance, in the case of life and death situations in hospitals, strict procedures assure that neither the medical nor nursing personnel will inadvertently 'cause' the passage from living to death of critically ill patients.

In general, a typical organizing principle or measure is to separate one domain of activity (domain 1) from another (domain 2) if the rules and procedures relating to conditions and activities differ substantially. For example, domain 1 may be the domain in the hospital of the living, and domain 2 that of the dead. Moral conceptions and values as well as discourses – and social roles – also differ substantially between these domains. For instance, in domain 1 physicians and nurses working at intensive care units are primarily concerned with the cure and care of patients; in domain 2, however, hospital personnel become 'organ reapers' or 'harvesters' collaborating in the maintenance of brain dead for purposes of organ extraction. In intensive care units, brain dead 'patients' (awaiting organ extraction) are often kept in separate rooms or sections of a room, separated from critically ill (but living) patients. Each part has its own distinctive moral order, discourses, and rationality, although technically the same apparatuses (ventilators, 'life-support' systems) and techniques are used for both types of 'patient'.

In general, organizational designers establish particular institutional arrangements [as well as architecture and space design] so as to minimize the experience of incongruence and tension, contributing to stabilizing a particular overarching order. This is accomplished in part through the familiar devices of emphasizing clear goals, clear boundaries, explicit distribution of time, space and authority, and bounded jurisdiction of function (who does what, how, when, where, and for what purposes (Burns and Flams 1987)) as well as utilization of spacing and buffers.

## 2 Mediating roles and units

Mediators have a key role in integrating different organizing modes and social relationships in a complex, heterogeneous organization. They establish bridges and negotiate between the distinct modes. Attention has been focused in some of the organizational literature on roles where incumbents experience role conflict, the 'man-in-the-middle', for example school superintendents dealing with their teachers, on the one hand, and with the demo-

cratically elected school board, on the other (Gross *et al.* 1958). In general, integrative agents, teams, or subsystems with representatives from each of the various differentiated subsystems are formal devices to enable discussion, solution of mutual problems and resolution of conflicts. Lawrence and Lorsch (1972, p. 344) suggest that orientations of mediating or integrative members or subsystems tend to be 'intermediate' between those found in the subsystems they co-ordinate. An effective co-ordinator working between, for example research and sales, could be expected to be *oriented equally toward long-term problems (the requisite long time orientation of researchers) and short-term problems (the requisite short time orientation of sales personnel) and to show an equal concern with market goals and scientific goals.* From Lawrence and Lorsch's studies (1972), it appears that effective integration depends on *intermediate* orientations with respect to time and goal orientations, task concern and social concern. Differences in time and goal orientations seemed to cause the most difficulty.

*Liaison* roles are often created or emerge to help the co-operation and production involving different divisions or departments, in part by dealing with tensions and conflict among them (Scott 1981, p. 247).<sup>10</sup> Such a mediating role in Swedish universities is embodied in, for instance the head of a department, the prefect, who negotiates between the academics of the department and the university administration, the 'bureaucrats'. Another case is that of 'grassroots bureaucrats' who mediate between their government agency and clients with 'messy' demands, particular needs and circumstances that often do not fit the classifications and strategies of the agency. Blau (1955) and Scott (1962) report on the problems of conflicts between welfare service agencies and their clients. Clients would refuse to abide by the formal rules and the authority of the staff personnel dealing with them, for example opposing referrals to other offices. The professionals mediate between client needs and demands and the expectations and requisites of the bureaucratic agency which they represent, resolving misunderstandings and conflicts. This is one of the most important functions of organizational professionals *vis-à-vis* clients.

A particularly difficult mediating process in medical organizations concerns the interface or passage between sacred and profane domains in hospital settings, for example with respect to critical issues relating to the dying or dead. It is particularly difficult for physicians to combine or mediate different value and norm systems along with their particular discourses. Physicians are authoritative in scientific terms (this is a major basis for their legitimacy). However, in the contemporary world, they are typically not moral leaders or authoritative ethicists (Machado 1998). If they engage simultaneously in patient care, organ removal and organ transplantation, they confront a situation where their different responsibilities and duties are contradictory and confusing. In a certain sense, they risk contamination (Fox 1993; Douglas 1966). One common solution is to keep these roles strictly separated and create mediating roles. One such new role is that of

ethicist, common at US hospitals and growing in number in Europe. In general, there is a current trend to engage bio-ethicists in roles where the sacred and the profane meet and where difficult ethical issues frequently arise. The ethicists mediate institutionally the problems of making decisions that entail norms other than exclusively medical ones in the form of normative orders, policies, and even laws distinguishing domains. The successful mediators or liaison actors are those who possess attributes and orientations intermediate to the units they bridge as well as command important skills and essential technical competence. It is also important that they enjoy high status and influence in the various organizational units that they are mediating (see also Scott 1981, p. 247; Lawrence and Lorsch 1967, pp. 54–83).

### 3 Re-structuring experience through organizational rituals

*Ritual* is a type of patterned or *institutionalized symbolic action*, collectively defined and constituted within a group or organization. It consists of words, gestures, and actions and use of objects and artefacts to express a conception, symbolic meaning, feeling or sentiment within a group or collectivity (Bell 1992; Bosk 1980; Burns and Laughlin 1979; Chapman 1983; Collins 1988; Fox 1989; Turner 1991; Wolf 1988). Ritual entails two or more persons meeting or coming together, engaging in particular actions or procedures according to a social grammar or complex of rules. Ritual focuses collective attention and mood and activates or generates a shared symbolic reality (Collins 1988, ch. 6). When ritual is being performed, members of the group recognize the action and understand the message it expresses or its meaning.

While ritual may be employed in relation to a variety of problems and situations, we are interested here in rituals that minimize incongruence and tension – and do this in *non-discursive (and non-rationalized) ways*.<sup>11</sup> This explains in part the persistence of ritual patterns in highly ‘rationalized’ settings such as hospitals. Hospital rituals are embedded to a significant degree in the schedules, procedures, and practices of a hospital (Bosk 1980, p. 177; Fox 1989, p. 155). For instance, there are ‘occupational rituals’ inherent in such meetings as attending to patients, medical rounds, consultation, case conferences, and mortality and morbidity conferences, at which physicians discuss and analyse patient cases, the settings for making a proper diagnosis and prescribing treatment for patients (Fox 1989, p. 155). Fox (1989, pp. 155–6) points out: ‘These meetings involve more than intellectual, scientific, and technical exchanges about patient management. Built into them, as Bosk (1980) shows are ceremonial patterns of behaviour that “allow physicians to dramatise, to teach, and to remind themselves and their colleagues of their sense of what it means to be a physician,” and that “assist them in managing uncertainty, making treatment decisions, and evaluating outcomes”.’

Similarly, ritual aspects are observable in nurses’ admission and dis-

charge of patients, change of shift reporting, medical aseptic practices, and post-mortem care (Fox 1989, p. 156; Wolf 1988). Nurses in their training are typically instructed to perform their task-lists *as if* performing a ritual, minimizing the number and variety of decisions that must be made and communicating through actions towards others, particularly outsiders, that one is devoted and efficient (Menzies 1970).

Medical personnel structure some of their more important experiences through organizational rituals and routines (utilizing in many instances particular medical technologies). For instance, the medical encounter between physician and patient is organized in several more or less standard formats (Waitzkin 1989, p. 228) entailing ritual activity. Rituals become one of the most important devices to define and 're-structure' the experience of situations and events<sup>12</sup> (Bell 1992; Burns and Laughlin 1979; Collins 1988; Handelman 1995; Turner 1969). Through institutionalized rituals within hospitals, professionals structure their own experiences and the experiences of their clients and avoid or negate considerably incongruent or dis-equilibrating information and experience.<sup>13</sup>

In medical settings, rituals are widespread in expressing, for instance, authority, showing deference, and demonstrating deep concern for patients, or confronting the dead.<sup>14</sup> Two major hospital rituals of interest are (Machado 1998): (1) *Rituals of caring*. There are a variety of rituals performed by nurses such as fixing pillows, touching the patient, taking temperature, writing down information, which communicate concern and caring. In this way, they convey the identity and normative orientation of nurses. This may be done in the face of pressures that prevent nurses from doing much for any particular patient. For instance, they must allocate their scarce time and attention. In short, they feel compelled to be effective and also detached to a considerable degree. The caring rituals redefine, for example, experiences (those of the nurses as well as next-of-kin and conscious patients) of lack of attention. The socially constructed situation becomes more one of concern and commitment to the patients. (2) *Rituals of authority and deference*. There are various rituals to demonstrate and to reinforce respect to doctors (Anspach 1993; Chapman 1983, p. 19) as well as to nurses with authority.<sup>15</sup> These are important in maintaining the order of norms and authority in the face of challenge or potential challenge, for instance next-of-kin questioning the judgement of a physician concerning the status of a dying patient. Again, such rituals would be less important in more homogeneous situations.

Rituals are especially motivated and observable at the interface between organizational territories when buffers or mediators fail to avert threats to organizational boundaries. Ritual helps to: (a) order the experience in critical situations by creating and re-creating a sense of order in a chaos of experiences, and gives a sense of security through a pattern of predictability (where for example an individual knows what is, has and will be done in such situations); (b) enforce a given meaning in an unclear situation; and

(c) strengthen the sense of community that shares knowledge about what is to be done in ambiguous and critical situations. *An important characteristic of ritual (and ritualized behaviour) – that to a large extent accounts for its effectiveness and cultural persistence – is that it enables actors to collectively handle ambiguous and incongruent situations in a non-discursive (i.e. non-verbalizable) way.*<sup>16</sup>

In sum, a variety of hospital rituals – whether they occur among physicians, nurses, or other personnel in the ward or clinical unit, operating room, laboratory, or conference room – appear to cope with some of the problems of potential incongruence, tension, and conflict that arise in these settings.

#### 4 Discourses defining (and re-defining) situations, resolving or minimizing incongruence and tension

Discourse is a complex communicative act, a structure of spoken or written language as in conversations, speeches, and texts of various types and forms.<sup>17</sup> Meaning is not conveyed by a single sentence or utterance but through more complex formulations and exchanges on the basis of which the participants define the context and express beliefs and commitments. They demonstrate their common knowledge as well as situational knowledge. Discourses are a key factor in the continuous production and reproduction of meanings. Of course, as our analyses suggest, discourses as all types of communications are a part of a larger framework of interaction and social culture (Collins 1988, p. 321), a complex entailing rules, cultural forms, social roles and relationships (Burns and Dietz 1997; Burns and Flam 1987).

Through discourses, actors create an operative definition of the situation and thus have a basis for acting together – in part, through a common knowledge consisting of rules and paradigmatic examples and situational knowledge of how to enact various social rules and roles (Brulle 1994, p. 101; Burns and Flam 1987). *Through discursive and cognitive closure, social order may be established and maintained, and a particular reality defined and stabilized.* In Foucault's terms, such closure defines 'regimes of truth' on the basis of which actors orient to one another, make judgements, and interact. Arguing on a macroscopic level, Foucault (1972, p. 131) states:

Each society has its regime of truth, its 'general politics' of truth: that is, the types of discourse which it accepts and makes function as true; the mechanisms and instances which enable one to distinguish true and false statements, the means by which each is sanctioned; the techniques and procedures accorded value in the acquisition of truth; the status of those who are charged with saying what counts as true.

Applying such a notion to organizations, Brulle (1994, pp. 100–101) points out:

Symbolic closure has two effects. The first effect is the creation of discourse, forms of knowledge, and comprehensible social reality, which

enables the production of social organisation. In addition, while affirming one reality, symbolic closure must inherently reject the other alternative definitions of the situation. Thus the second effect of closure is the exclusion of the alternative realities, and the creation of subjugated discourses.

*Discourses, as institutionalized communications, written or oral, are defined and understood within a particular organization, collectivity, or field of social action or movement (Bourdieu 1991; Brulle 1995; Ellingson 1995). Discourses represent or articulate judgements: reality judgements, value judgements, and action judgements or decisions. For instance, they concern the definition and nature of social reality: what are problems or types of problems. They also provide explanations, and may contain arguments in the form of claims, images, or tropes combined in a more or less coherent manner and intended to persuade others through an appeal to logic, fact, belief, emotion, or external authority (Ellingson 1995). Finally, they convey what are the right and proper solutions, what is to be done (or not done) (Sutton 1998).*

There are established rules (often implicit) for articulating any given discourse, its form, its proper content; for determining which actors may articulate the discourse (and who may not), who may be privy to it, and so forth. In the medical literature, a number of studies of particular discursive activities in hospital settings (see especially Anspach 1993; Fox 1988, 1989; Machado 1998; Waitzkin 1989; Waitzkin *et al.* 1994) address practical contradictions and tensions confronting participants. *Particular hospital discourses (and rituals) can be identified as dealing with incongruence and potential conflict and contributing to the integration of a complex organizational order* (Anspach 1993; Machado 1996). They accomplish this by providing definitions or redefinitions of the situation. They also interpret and explain events – for instance, they explain away or minimize the importance of particular types of contradiction and unpleasant facts. This relates to the basic notion that discourses are conveyers of meaning. One of several major types of discourse in hospital settings playing a substantial role in resolving potential conflicts and maintaining order in a complex organization are *authoritative discourses*. These refer to the authority of physicians, medical knowledge and technology, or to ‘solid, reliable information’ from particular instruments (providing ‘data’ and ‘answers’), or to ‘medical expertise’ as a basis for supporting or at least accepting a particular judgement, decision, intervention, etc. The key to making discourses authoritative is that there are no legitimate alternatives (medical personnel typically maintain a common front; disagreements among them are viewed as particularly disruptive to medical authority and order).

The scientific judgement frame – and the discourses articulating it – are a major basis for establishing and maintaining a hospital order and a key foundation of that order, the cognitive order. In general, scientific-medical

discourses among medical personnel are used to define and legitimize statements, actions, and rituals that, among other things, resolve incongruence. Such constitutive or meta-discourses are backed by the authority of particular physicians, the authority of the medical profession, and the array of medical schools, hospitals, clinics, Nobel prizes, and other signs of social recognition, status, and authority.

The authority of physicians – and of hospital personnel in general – *vis-à-vis* patients (and their friends and next-of-kin) derives in part from the right to initiate discourses and actions socially defining the situations. Physicians are defined as authoritative, knowledgeable, and trustworthy. As long as hospital personnel, patients, next-of-kin and outside authorities remain convinced of physicians' expert knowledge and trustworthiness, then the likelihood of deference to them – and compliance with their expectations – is secured.

Next-of-kin of a dying or brain-dead person often have difficulty interpreting – at least with any security – their own observations and the information they receive from medical personnel. (Of course, there is considerable information that they do not gain access to or are incapable of interpreting.) They turn naturally to medical authority for clarification of ambiguity, for answers to questions motivated by uncertainty and dissonant experiences. Medical authority provides in turn a 'scientific' explanation or interpretation of these experiences – for instance, that there is no inconsistency between the definition of the person as dead and the perception of the person as apparently alive (in the case of brain-dead patients). Or it utilizes normalized statements to reassure next of kin that their brain-dead relative is, indeed, dead, that she is not suffering, that she does not feel anything when organs are removed – and that the removal of organs will result in good for others.

A common variant of authoritative discourse are those that disqualify lay persons including next-of-kin who question or refuse to accept a diagnosis, prognosis, or medical report. Such persons are frequently defined as 'uninformed', or as 'emotional', 'unrealistic', 'irrational', etc. Typically, such *dismissive discourses* counter statements, arguments, and particular persons that question or challenge the authority of physicians and the medical science and techniques defined as the basis of most medical determinations. Medical personnel are better able to carry out their tasks without major self-doubts or confusion. This is an important part of the construction of the hospital order.

Particular jokes, complaints and expressions of 'righteous anger' are other discursive devices directed against those who disrupt professional work, by, for instance, challenging the professionals' authority, status, sacred symbols (Collins 1988, ch. 6). These devices express and also reinforce a shared judgement frame, with its collective representation of a right and proper social reality, a moral and symbolic world. They also intensify common feelings among group members (at the expense of others); they enhance

the solidarity and common identity of the group or organization against disruption from outside. The symbolic reality constructed derives from and expresses the social identity of those taking part – their distinctiveness from others, their special authority and status in relation to, in the case of medical personnel, patients, next-of-kin, the public, mass media, legal and political authorities, etc.<sup>18</sup>

In general the use of derogatory names and stories, jokes, expressions of complaints, etc. on the part of professionals *vis-à-vis* clients is characteristic of settings where professionals and clients interact and experience tensions and conflicts arising from their incongruent situations. They serve to defuse tensions and to stabilize and maintain organizational configurations consisting of heterogeneous, incongruent relationships.

### 5 Networks as mediating forms of organizing

Networks are recognized as contributing to the effectiveness and durability of many formal arrangements. Yet they may be incongruent with formalized relationships such as those making up bureaucracy, formal markets, and democracy, resulting in patterns of tension and conflict as discussed earlier. Networks appear to be a paradoxical form of organizing, they both contradict and complement other forms. The key to understanding this apparent paradox is the non-formalized character of networks as opposed to formalized orders.

Rules are formed and reformed as well as enforced differently in formalized and non-formalized arrangements.<sup>19</sup> Formal organizations [whether formal hierarchy, market, or democracy] are characterized by centralized, systematic rule formation and rule enforcement, such as in the case of 'legislating' rules and regulations (see note 19). At local points of interaction – where, for example, actors belonging to the formal organization encounter actors belonging to other organizations and relationships, the organization's rules and regulations are meant to be complied with. They are enforced by designated agents monitoring and making use of systematic controls including record-keeping. Of course, formal markets and democratic organizations as well as many bureaucracies allow considerable local initiative, negotiations, and settlements, *but always within the formal frame of fixed and uniform procedural rules specifying how tasks and other specified acts are to be performed.*

Networks lack systemic rule formation and enforcement, for instance rules and policy legislated and enforced by designated, authoritative agents (although they may be global in their extension, as in the case of some professional networks). In networks, solutions to local problems may be worked out locally by adapting rules, negotiating new rules and reaching agreements and accommodations at the points of interaction. Such innovations in rules are diffused through the networks rather than being promulgated by a central 'legislative' body (on the other hand, networks cannot readily solve global problems – for instance those requiring global co-



ordination, or the stabilization of extended network relationships. Such co-ordination is an area of strength of the formal orders).

Networks are capable of encompassing greater diversity and more contradictions than formal organizations. They offer a context of flexibility, for instance in developing and testing conflict resolving strategies and potential integrative devices with which to deal with incoherence, tensions and conflicts. *Indeed, network actors may establish and carry out mediating rituals and discourses and develop mediating roles that would be inappropriate, even illegal, in formalized orders.* A variety of network practices prove effective and enduring but outside, and possibly illegitimate in, formal contexts. These are the organic niches in an administrative, or market or democratic landscape. Networks are characterized then by their great flexibility, and opportunities for creativity as actors mix different modes, in ways which are not constrained to satisfy rigid, uniform definitions and realizations of 'authority', 'legitimacy', 'compliance', 'due process', 'accountability', etc. characteristic of the formalized organizing modes.

## CONCLUSION

Most modern formal organizations, even complex organizations are, at least in principle, intended to accomplish given goals or to serve particular purposes – to a greater or lesser extent in a rational manner (Blau and Scott 1962; Burns and Flam 1987; Scott 1981). Our perspective implies that a number of key organizational features, arrangements, and processes are designed and evolve *in order to deal with structural incongruencies and potential tensions and conflict.* Thus, there may be more to organizational behaviour than striving for or achieving *explicit goals effectively and efficiently.* Organizational members act in ways that maintain order and stability, and do this on the basis of – and with reference to – normative order, making use of particular organizational discourses to do so. Thus, resolution strategies and processes may appear 'non-rational', 'counter-productive', and apparently 'inefficient'. Such non-rationality is explained in our perspective, not as the result of human folly or the bounded rationality of human agents, but as a response to problems of incongruence and the maintenance of a complex social order.

(1) In a certain sense, organizational and professional rituals and discourses as well as particular organizational buffers or designs protect key groups against the full impact of multiple and potentially contradictory and destabilizing relationships and experiences (including 'truthful' but disconcerting information). These mechanisms serve to stabilize social order. All moral communities share in common that they are held together – and social order maintained – through mechanisms grounded in rituals, special non-rational discourses, and situational structures within groups and organizations. There is a continual production of meaning as well as bias and distortion. In this sense, many medical as well as scientific discourses,

rituals and props can be – and are – used in magical or mythical ways (Elias 1996).

(2) The theory outlined here implies that 'rational' instrumental processes and 'non-rational' integration processes are not opposing or alternative conceptualizations. On the contrary, they are both characteristic and essential features of practical action in organizational complexes. Ironically, *non-rational processes including various rituals and non-task oriented discourses contribute to stabilizing a social order which may be ostensibly 'rational'*. Resolution processes – no matter how apparently irrational – provide a collective frame which enable actors – for instance, physicians and nurses in hospitals – to make rational type decisions (in part, utilizing science and modern technologies) in pursuit of organizational and professional goals.

(3) The theory outlined here implies that complex, heterogeneous organizations are likely to have high transaction costs in connection with tensions and conflicts. This is also suggested by the empirical work of Alter and Hage (1993) on service systems (educational, medical, medical health care). Such costs may be minimized through institutionalized strategies to deal with incongruent interfaces and conflict: mediating roles, buffers, rituals, and non-instrumental or non-task-oriented discourses.

(4) While heterogeneity is a source of 'organizational problems' – for example increased potentialities of conflict and growing transaction costs – it also gives rise to creativity and innovation. That is, while incongruence and tension associated with highly differentiated organizations may be disruptive and damaging to performance unless recognized and effectively regulated, homogeneity tends to inhibit creativity and innovation by restricting diversity (Ibarra 1992, p. 181). Ibarra, drawing on Kanter (1983, 1988), stresses the importance of social contacts between actors who view the world differently, as a logical prerequisite to seeing ourselves differently and to fostering creativity and innovation. In the case of research and development groups, she (1992, p. 181) points out, '... research groups composed of individuals with diverse academic training and affiliation tend to be more productive than less diverse groups.' In sum, heterogeneous types of organizations encourage or enhance creativity, reflectivity, and innovation (Burns and Engdahl 1998). But these organizations risk high levels of tension, misunderstandings, distrust, conflict and, ultimately, high transaction costs. This article has suggested a variety of organizational strategies that may deal with some of these problems. For instance, an organization may combine heterogeneous, incongruent relationships, together with mechanisms for resolving or regulating resultant organizational tensions and conflict. This 'dialectical mode of organization' (Burns *et al.* 1997) is characterized by inconsistency and tension, by creativity and transformation, rather than by consistency, 'rationality' and a fixed, mechanical order.

(5) Networks offer substantial flexibility and openness to deploying and developing conflict-resolving and integrative strategies and, therefore, contribute to minimizing transaction costs engendered in complex, formal organiza-

tions.<sup>20</sup> Typically, there is a *web of informal social organization* that carries on *invisible* (often non-rational) mechanisms of integration 'outside' formal markets, bureaucracy, formal democratic arrangements, etc., functioning to a greater or lesser extent to 'oil the wheels' of formal organizations (Barnard 1938). A wide variety of problems, ambiguities, uncertainties, conflicts and problems of judgements can be effectively addressed in ways that would be inappropriate or even illegitimate formally or publicly. Networks are highly effective and robust – because they are less constrained, more open to local adaptation and negotiation – minimizing the costs of integrative innovations and diversified conflict resolution in heterogeneous organizations and, thereby reducing transaction costs. Why then do they simply not replace or completely dominate the formal? In some circumstances or contexts, they apparently do so. The result may be rampant corruption, no rule of law; no formal, public predictability and accountability. Predictability, understanding, and accountability are only for insiders, not for a general public, or one or more publics having rights to monitoring and accountability. *One major difficulty of such networks, even highly effective ones, is that of sustaining or establishing legitimacy.* Even 'rationality' may appear threatened in such a shadowy landscape.

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## NOTES

- 1 Rule processes are universal in human society. the making, interpretation, and implementation of social rules as well as the reformulation and transformation of rules – the latter processes are often accompanied by the mobilization and exercise of power, and conflict. Individual and collective agents play an important part in the formation and evolution of social rule systems, although not always in the ways they expect or intend. Social rules are, therefore, not transcendental abstractions but are embodied in groups and collectivities of people, their cultural forms, practices and institutions. languages, customs and codes of conduct, norms, laws, and the social institutions of family, community, economic organization and government. Rule systems are essentially dynamic since rules are being constantly shaped and reshaped in the interaction between actors and in relation to their changing physical and social environments.
- 2 The development of institutional approaches (Bogason 1995; March and Olsen 1984; Powell and DiMaggio 1991; Scott 1995, among others) within the social sciences is a major contemporary achievement, also contributing to integration of the social sciences
3. Accounting rules and principles are formalized in such organizations as businesses and government agencies as well as many associations.
- 4 One might view market as the polar opposite of organization (implying administration), but increasingly markets are being considered within the sociology of organizations (Burns

- and Flam 1987; Ouchi 1980; Thompson *et al.* 1991). Ouchi (1980) stresses that a market is as much a social organization as a bureaucracy or a clan.
5. Several types of networks can be distinguished, as more or less integrated or exhibiting more or less hierarchical or horizontal traits (Rhodes 1991, p. 204; Rhodes and Marsh 1992).
  6. It is important to consider the degree of permanency in network relationships or otherwise networks would be confused with momentary groupings such as at a party or the crowd at a football match.
  7. The concept of structural complexity is well established in the social sciences, in particular in organizational, administrative, and institutional literature (Etzioni 1975; Haas and Drabek 1970; Luhmann 1984; Parsons 1961; Scott 1981, among others). The distinction between vertical and horizontal differentiation is a common notion in the diverse conceptualizations and arguably is encompassed by our concept of heterogeneous relationships.
  8. Incongruence, incompatibility, tension, and strain are among a family of concepts that are part of the heritage of organizational and administrative research (Alter and Hage 1993; Etzioni 1975; Haas and Drabek 1973; Lawrence and Lorsch 1972, Parsons 1961, among others). Again, our formulation is grounded in the conception of incompatibility and contradiction between rules and rule systems (Burns *et al.* 1997). This differs in a number of respects from many of the other perspectives.
  9. The notion of integrative processes is found in Alter and Hage (1993), Etzioni (1975), Haas and Drabek (1970), Lawrence and Lorsch (1967), and, of course, Parsons (1961), among others. Our conception extends the range of mechanisms, including such devices as organizational ritual, non-task-oriented discourses, the role of humour and denigration, the spacing and architecture of organizations as well as mediating or buffering roles and institutional arrangements that minimize tensions and conflicts.
  10. Scott (1981) deals with a variety of mediating relationships and positions, consideration of which would take us beyond the scope of this article: contracting, sub-contracting, joint ventures, associations, informal linkages and networks.
  11. The distinction between ritual and discourse (see later) is an analytical one. Ritual action is ostensibly behavioural, physical, whereas discourse is more clearly talk. But there is no clear boundary, since much ritual entails talking and verbal communication and a discourse may be read or presented in highly ritualistic ways with gestures and bodily movements, and the use of technologies which communicate meaning such as special clothes and jewellery.
  12. Members of any group or collectivity may experience daily tensions and conflicts that contradict norms of solidarity and the vision of a peaceful life together. They engage in rituals and ceremonies which redefine experience or 'reality'. Many daily experiences are redefined as not real or accurate reflections of reality. Reality becomes that experience defined by the ritual, and the other experiences as ephemeral or superficial/deceptive.
  13. Physicians (along with other high status professions) are particularly effective at establishing and maintaining the ritual impressiveness of the stage on which they encounter their clients and others, thus effectively defining and constructing interaction situations in complex heterogeneous contexts (Collins 1988, p. 205). For instance, one part of the structuring of ritual conditions of self-presentation is for physicians to arrange to have assistants or nurses to take care of the 'dirty work'. In this way, they also avoid potential contamination or degradation.
  14. Of course, this is surely related to the association Turner (1969) and Malinowski (1954) saw, in addition, between rituals and social crises – rituals minimizing the impact of crises. Malinowski (1951) also saw such a connection between ritual and profound changes/passages such as illness, birth, marriage, death, transition and socialization to new roles and statuses (see Wolf 1988).
  15. While the form of giving and taking orders is the ceremonial core of any work organization – the superordinate acting authoritatively and expecting compliance and subordinates showing deference and appearing to act dutifully – Collins (1988, p. 205) is correct in stressing that in practice, managers and directors are not fully effective in controlling those

- under them. The superordinates know this in many instances, but they go through the ritual nevertheless as a theatrical performance, where both sides know and perform their parts. This contributes to maintaining the experience of a particular social order (which, in practice, may not be the case).
16. More generally, Schechner (1993, p. 230) points out: 'In both animals and humans, rituals arise or are devised around disruptive, turbulent, and ambivalent interactions where faulty communications can lead to violent or even fatal encounters (that is, danger). Rituals, and the behaviour arts associated with them, are overdetermined, full of redundancy, repetition, and exaggeration. This meta-message of "You get the message, don't you?!" (a question surrounded by emphasis) says that what a ritual communicates is very important, yet problematic. The interactions that rituals surround, contain and mediate almost always concern hierarchy, territory, and sexuality/mating (an interdependent quadruple) . . . They are ambivalent symbolic actions pointing at the real transactions even as they help people avoid too direct a confrontation with these events. Thus rituals are also bridges – reliable doings carrying people across dangerous waters. It is no accident that many rituals are "rites of passage."'
  17. Discourses are cultural artefacts, formulated according to certain rules – in a given institutional context – concerning the form, the proper context and the appropriate or legitimate sources of formulations. Thus, the utterances, arguments, statements, making up a discourse (Ellingson 1995) assume or refer to particular definitions of the situation, within a specific *normative-cognitive frame*. There are correct and incorrect ways of formulating sentences, statements, or discourses – which have not been determined by any one individual. Even powerful agents are constrained or bounded in this respect.
  18. More than thirty years ago, Blau (1955, pp. 87–92) reported discursive strategies (types of complaints, jokes, derogatory names, etc.) that professional social workers utilize in dealing with tensions and conflicts arising in their encounters with their clients. These devices serve to differentiate themselves from the clients and to reinforce their own solidarity. At the same time they can maintain an image *vis-à-vis* clients of professional concern and rationality in dealing with clients' problems.
  19. One may analytically distinguish between formally organized and informal, organic, or emergent rule formation and enforcement (Andersen and Burns 1996; Burns 1995). This distinction has a long history in the social sciences. It pits Thomas Hobbes and the conception of deliberative, legislative action against David Hume and Adam Smith and the notion of *limited local activities aggregating to significant collective action*. In the case of a legislative type rule formation, a deliberative, authoritative agent ('the sovereign') decides explicit rules and policies. The organic form is populational, informal, and diffuse, entailing a multitude of small acts, decisions, and events that, in the aggregate, generate patterns, and even bring about transformations. No one deliberately or intentionally brings about the changes on the aggregate level: for instance, the construction, shaping and diffusion of rules, norms, values and beliefs through local and network interactions. In sum, one can analytically contrast planned/designed/legislated social order with spontaneous/emergent social orders.
  20. Contrary to the arguments of some institutionalists (e.g. North 1990 and Williamson 1975), the approach outlined here implies that hierarchies or administrative type arrangements – particularly rigorous ones with little slack – would be inappropriate and fail to effectively deal with the particular problems of complex, heterogeneous systems. Other things being equal, the formal orders lack some of the necessary capacities to minimize transaction costs, especially those arising in connection with incongruent normative orders and conflicts. Through their stress on legislative action and systemic enforcements, a variety of potential conflict-resolution strategies and integrative innovations are blocked or weakened. Today the range of organizing and co-ordinating modes is rapidly expanding, as a result of growing heterogeneity, and the variety of heterogeneous arrangements generated by continued social differentiation, the multiplication of knowledge and expert specialities, and globalization. There is a demand for more flexible, organic ways of co-ordinating and organizing complex activities. A variety of flexible co-ordinat-

ing modes such as federations, joint ventures, consortia, community, or one or another type of network are potentially more effective at reducing transaction costs engendered in complex, heterogeneous arrangements. But these may have other problems, e.g. accountability and instability/unpredictability (Hood and Schuppert, ch 17, 1988).

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# MEASURING NETWORK STRUCTURE

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Networks have been a research issue in public administration for many years. Because of the difficulty of measuring networks, they have often been treated as a metaphor, a conceptual scheme, or a management technique (networking). The work on networks in public administration is almost all of the case study and rarely of the comparative case variety.

This article presents the results of two studies of networks using social network analysis as a technique for studying structural relationships between organizations. This technique is utilized to show both the research and practical potential of network analysis as an evaluation methodology for organizations that jointly produce a service. In the first study, the network provides mental health services to seriously mentally ill adults. In the second study, the network attempts to prevent young people from abusing drugs and alcohol.

The two studies were undertaken for different reasons. The first was an elaborate comparative study of four mental health networks and the relationship between network design and performance. The second was a much simpler consulting effort to help a local prevention partnership create linkages to other community organizations. However, in both of the studies the goal was to measure the structural ties in the network based on various types of relationships that exist in a given field of practice. These linkages are ties that bind the network together and become data that can be used to compare networks on their degree and type of integration. The article makes the argument that links in a network are one way that scholars can compare networks in similar or different policy domains. At the same time, the article argues that analysing linkages in an organization's network is an effective and practical means of determining how well integrated any given organization is in a network.

## INTRODUCTION

Networks have been viewed as an important concept in public administration research for the past twenty years (Aldrich and Whetten 1981; Hjern and Porter 1981; Milward 1982; Provan 1983 and Rhodes 1988). What is quite striking about the work that has been done is that it is overwhelmingly conceptual, as if measurement could not precede conceptual clarification (see Milward and Wamsley 1985 or Carlsson 1996 for examples of this genre). Until very recently network in public management was a metaphor, a conceptual scheme, or an admonition. There were case studies of

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networks in various policy areas (for example Chisholm 1989) but there was almost no work by public administration scholars that attempted to systematically study networks of public or non-profit organizations in either a single or comparative setting utilizing rigorous analytic measures. Recently there have been calls to utilize network analysis as a specific tool for public management research. 'Following remarkable growth in analytic techniques, the network perspective offers both rich descriptive capacity and rigorous methodologies for study of both micro- and macro-level organisational and interorganisational phenomena of great importance to public management' (Fountain 1994, p. 273). The reason network analysis is so important to public management lies in the observation that we seem to have an overdeveloped capacity for policy analysis and an underdeveloped capacity for administrative analysis. Network analysis holds the prospect of righting the balance.

### NETWORK ANALYSIS AND ORGANIZATION THEORY

As opposed to rational choice models that proceed from the assumption of methodological individualism or organizational models that focus on the attributes of individual organizations, network analysis assumes that the relationships themselves are the units of analysis (Scott 1991). Social network analysis is focused on the structure of relationships among networks of individuals or organizations where the network consists of a set of nodes linked by a set of social relationships.

Some social network research has focused on policy networks engaged in collective choice in policy domains of health and energy (Laumann and Knoke 1987) and some has focused on patterns of relationships in communities (Galaskiewicz 1985). However, until very recently, none has attempted to map the set of programmatic relationships among sets of organizations in the public and non-profit sector that jointly produce publicly funded services like health or mental health, substance abuse, or other domestic social services (Bolland and Wilson 1994; Morrissey *et al.* 1994; Provan and Milward 1995).

Network analysis is often linked to organization theory. In fact journals like *Administrative Science Quarterly* have, since the mid-1970s, published important interorganizational studies. The study of relations between organizations has been a major concern of organization theorists for at least the past twenty-five years. While most of the work in this area has focused on the determinants or predictors of interorganizational relations (see Oliver 1990, for a review), as an understanding of the phenomenon has grown, the unit of analysis has gradually shifted from the dyad, to the organization set, to the network. Especially in recent years, the study of organizational networks has proliferated. Much of this recent interest has been generated by an emerging recognition by academics that businesses, as well as organizations in the not-for-profit and public sectors, are increasingly turning to various forms of co-operative alliances as a way of enhanc-

ing competitiveness and effectiveness in ways that would not be possible through the traditional governance mechanisms of market or hierarchy.

Despite this surge in interest concerning networks of organizations, there is much that organization theorists do not yet know. In particular, despite the general advocacy of co-operative, interorganizational networks in much of the recent literature (cf. Powell 1990), little is known about network-level outcomes, especially whether or not issues of network structure, like network integration, are related at all to the effectiveness of the network as a whole in providing services to its customers and clients. This is a critical issue, particularly for networks in the not-for-profit and public sectors, in which the overall effectiveness of the network may be far more important to funders, policy makers, and service professionals, than the impact of the network on the individual organizations involved.

However, the linkage between organization theory and network analysis is somewhat tenuous. Many empirical interorganizational studies measure relations between organizations assuming that the organization is coterminous with the network. This presents a major problem for public management research. Public and nonprofit organizations generally consist of pieces of many different organizations and organizations consist of pieces of many different programmes (Hjern and Porter 1981).

If programmes consist of pieces of many different organizations, then simply gathering data from whole organizations is misleading. If you are studying the implementation of services to seriously mentally ill adults and you survey a community mental health centre you will be cutting into several different networks – general mental health, children's mental health, substance abuse, and perhaps domestic violence as well as the adult seriously mentally ill. At some level all these networks are linked, usually by 'weak ties' (Granovetter 1973), but the funding mechanisms are often different and so are the set of organizations that constitute each of these networks, thus budgetary, personnel and linkage data, if not carefully specified, will be misleading and inaccurate.

The article will present two examples of how network structure is measured in the authors' research. Study 1 is a comparative study of the relationships between network structure and effectiveness in four different community mental health networks (Provan and Milward 1995). Study 2 was produced as part of the authors' consulting practice, and is an attempt to use the linkage structure of a community partnership to combat substance abuse in one city.

### STUDY 1: RESEARCH ON SERVICES INTEGRATION

The first study undertaken concerned integration of services by a network of service providers in the field of mental health. Co-ordination of services among multiple providers has been viewed as an important problem in public administration in the United States since the expansion of social services at the time of President Lyndon Johnson's Great Society in the 1960s.

Services for vulnerable populations like the homeless, the mentally ill, and poor are often said to be fragmented and individuals who need these services fall through the cracks of fragmented and unco-ordinated service systems (Kagan 1993).

The purpose of this study was to see whether or not community mental health networks were as fragmented as they were alleged to be and whether or not integration mattered for the performance of these systems. This article will only discuss the issue of integration and how it was studied. The relationship between integration and performance is explored elsewhere (Provan and Milward 1995). This 1995 article provides an elaborate description of both the data and methods utilized in the study.

The data used in this study come from a US National Institute of Mental Health-funded study of the degree of integration among four cities' community mental health systems conducted from 1991-93. This study used a most similar/most different case design. The four US cities - Tucson, Arizona, Albuquerque, New Mexico, Akron, Ohio and Providence, Rhode Island - were medium sized with populations of approximately 400,000 to 600,000 people, making them both similar in size and large enough to have a full set of mental health and social service agencies, while not so large as to make data collection difficult and understanding their mental health systems daunting. Each system had at least one core agency that both provided and attempted, with varying degrees of authority, to integrate services to persons with serious mental illness.

While size of the cities, range of services provided, and existence of at least one core agency were similar, the states (who traditionally fund community mental health in the United States) varied in their level of funding and commitment to community mental health. Two of the states funded their mental health services at twice the rate per capita of the other two states. This was an attempt to see whether large differences in funding, rather than linkage structure of the network, explained differences in performance in cities of comparable size.

### **MAPPING A SERVICE IMPLEMENTATION NETWORK**

Using key informants and a modified snowball interview strategy, data were collected from the set of agencies in each city identified as delivering services to the population with serious mental illness (SMI) (Knoke and Kuklinski 1982, p. 23). The response rate varied from 92 to 100 per cent and the number of agencies from 32 to 36.

To develop a measure of service integration across agencies, every agency in each system was listed alphabetically on a questionnaire that was specific to that system. Key informants in each agency surveyed were asked whether their agency was involved with every other agency listed, regarding five different types of service links - referrals sent, referrals received, case co-ordination, joint programmes, and service contracts. These are the types of linkages frequently mentioned as examples of the type of co-

ordination activities needed for service integration to occur (Agranoff 1991; Gans and Horton 1975). The key informants were asked to indicate only linkages related to service delivery for adults with serious mental illness. It was very important to make the respondents understand that the study was not interested in the linkages their agency maintained with other clients, children with mental illness for example. A pilot study had previously been conducted in one city to test this method of measuring the structure of human service networks (Provan and Milward 1991).

There are two caveats about the linkage measures. First, for referrals received and sent informants were asked to identify only significant linkages, however there was no way to gauge the range of involvement for any referrals or any other type of link. Linkages of the same type may be much more important for one agency than for another. Second, what the study measured were linkages between agencies and not necessarily the extent to which integrated services were actually made available to clients. Third, the linkages were measured at one point in time and so there is no way of knowing the 'interorganizational capacity' of the network (Bardach 1996).

Linkages were validated in two ways. First, wherever possible, at least two agency respondents were interviewed regarding the involvement of their agency with others in the system. This usually included the head of the agency and one or more service professionals who administered agency programmes targeted to adults with serious mental illness. Discrepancies in opinions about the link were discussed and resolved. In the case of service delivery linkages like referrals in, referrals out, and case co-ordination, the resolution was usually in favour of the service professional. However, interviewing the head of the agency was essential for knowledge of such administrative linkages as joint programmes and service contracts. Second, after the data were collected, each link was confirmed. Therefore, a joint programme for adults with serious mental illness listed by agency A with agency B would only be counted as a link if agency B confirmed the same link existed (exhibit 1).

## INTEGRATION FINDINGS

Using the questionnaire data, matrices were constructed to reflect the extent to which each agency surveyed at each site was connected to every other agency at that site through each of the five types of service ties examined. Using the confirmed matrices, two measures – organizational links and co-operative links – were constructed to assess integration of the adult SMI service provider network.

### Organizational links

This score indicates total organizational links in each system as a percentage of the maximum possible number of such links in that system (maximum =  $n(n-1)$ ). This measure reflects the extent to which agencies are connected

EXHIBIT 1 *Survey question for measuring interorganizational relationships*

Following is a list of agencies and organizations that are a part of the (*city name*) network for adults with serious mental illness. We would like to know if your organization engaged in any of the following types of network activities listed below with one or more of the agencies listed *during the past year*. These network activities relate specifically to *adults with serious mental illness* and not to any other clients your agency may serve. Please note that most but not all agencies and organizations in the (*city name*) network are listed. If your organization engaged in any of the activities described below with any other agencies, please list these at the end in the space provided

## DEFINITIONS

**Referrals received:** Does your agency *receive* clients with serious mental illness *with some regularity* from the agency listed?

**Referrals sent** Does your agency *send* clients with serious mental illness *with some regularity* to the agency listed?

**Case co-ordination:** For clients with serious mental illness, does your agency *co-ordinate and share cases* on an ongoing basis with the agency listed?

**Joint programs:** Does your agency have any *programs* with the agency listed in which clients with serious mental illness are served jointly through a *formal* collaborative effort with these agencies?

**Service contracts:** Does your agency send funds to or receive funds from the agency listed for providing services on a contractual basis to clients with serious mental illness?

## INSTRUCTIONS

For each agency listed below, please indicate if your organization was linked through referrals received, referrals sent, or case co-ordination by placing an 'X' in the appropriate box.

## NETWORK ACTIVITIES

Agencies	Referrals received	Referrals sent	Case coordination	Joint programs	Service contracts
Agency A					
Agency B					
Agency C					
Agency D					
Agency E					
Agency F					
Other					

at all through any of the five service links. It is an indicator of the *breadth* of integration. Aggregated for each network, it indicates network integration through any of the five types of service links about which data were collected – referrals received, referrals sent, case co-ordination, joint programmes, and service contracts. The potential score for each ratio could range from 0 to 1; the closer the score to 1, the more integrated the system. All agencies in a network were included in the score.

### Co-operative links

This measure reflects the total involvement of agencies in each system in co-operative, integrative endeavours. It gauges *depth* of involvement. It was computed by aggregating agency-level scores for the three types of integration that involved active co-operation in each of the four systems: case co-ordination, joint programmes, and reciprocated referrals. This figure was then divided by the maximum possible network score for these service links ( $3n(n-1)$ ), obtaining a percentage that could be compared across the four systems. Reciprocated referrals were ones in which pairs of agencies confirmed both sending referrals to, and receiving referrals from, each other. The co-operation measure thus excluded service links through non-reciprocated referrals and service contracts, both of which could be maintained unilaterally with little real co-operation.

Both measures of integration were computed in two different ways, consistent with the objective of the study to explore differences, not only in the amount of integration, but also in the structure of integration. First, both measures were computed for each network in its entirety, treating all agencies the same way. Second, only ties to the core agency were computed for both measures. This provides an assessment of decentralized integration through the other agencies in the system, and centralized integration through the core agency. While fully integrated systems would be high on both measures and non-integrated systems would be low on both, integration at the mid-range could be accomplished using either centralized or decentralized approaches.

As mentioned previously, this study surveyed community mental health networks in four different American cities – Providence, Rhode Island, Albuquerque, New Mexico, Tucson, Arizona, and Akron, Ohio. Because it had a powerful core mental health agency, Providence was expected to be a well-integrated community mental health system. Albuquerque had a large core agency but its community mental health system had multiple funders and multiple providers, with no local mental health authority formally charged with co-ordinating the system, so it was expected to be only loosely integrated. Tucson and Akron were expected to range between these two extremes because both had versions of the local mental health authority model designed to promote the integration of the system by putting all funds in the hands of a local authority charged with organizing the provision of mental health services in a community setting (Frank and Gaynor 1994).

Table 1 reports the integration scores and rank orderings for each of the four mental health systems. No statistical tests of differences in proportions could be used since the number of networks studied is so small and since the scores reflect actual properties of each network, not proportions drawn from independent samples.

Overall, the results generally demonstrate a consistent pattern of differences in integration across the sites. These results hold for both organiza-

TABLE 1 *Mental health network integration scores and ranks*

	Tucson n = 32		Albuquerque n = 35		Akron n = 36		Providence n = 35	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank
<b>Organizational links</b>								
1. All agencies	0.308	1	0.303	2	0.285	3	0.223	4
2. Core agency only	0.645	4	0.882	3	0.943	2	0.971	1
<b>Co-operative links</b>								
1. All agencies	0.082	1	0.075	2	0.070	3	0.058	4
2. Core agency only	0.183	4	0.324	3	0.429	1	0.422	2

For the organizational links and co-operative links measures the potential score range = 0 to 1.0

tional links and co-operative links. The results were quite surprising. Based on the initial interviews and the design of the networks, both Akron and Providence appeared to have taken more care and effort to design an integrated network than either Albuquerque or Tucson. Neither Tucson nor Albuquerque had a single agency responsible for integrating the network as did Providence and Akron.

Contrary to expectations, Tucson and Albuquerque were the *most* integrated community mental health systems on the organizational links measure (table 1, line 1). Tucson ranked first and Albuquerque second, with scores of 0.308 and 0.303, respectively. What these scores reflect is that in both cities almost one-third of all potential links were present. Akron had a score of 0.285 and Providence was last with a score of 0.223.

As interesting as these levels of integration results are, they do not address differences in the structure of integration across the four systems. To try to make sense out of these unanticipated findings, the links between the core agency and all other agencies in the system were examined. Looking only at the core agency's linkages with the rest of the agencies in each system dramatically reversed the initial ranking. Providence moved from last to first with a score of 0.971, meaning that the Providence Center, the community mental health centre that served as a monopoly provider, was directly connected to almost every agency in the system. The other scores were also reversed. Akron's Community Support Services, the community mental health centre established by the Mental Health Authority of Akron, was connected with 0.943 of the agencies in the system and its integration score went from third to second. Albuquerque and Tucson were third and fourth respectively. Albuquerque's University of New Mexico Community Mental Health Centre had an integration score of 0.882; Tucson's Arizona Centre for Clinical Management score dropped significantly to 0.645.

When the overall integration scores for organizational links were recomputed to reflect centralized integration through the core agency, substantial differences among the systems were apparent. Both the Akron and Providence systems were strongly integrated through their respective core agencies while integration among the other service providers in the systems was



weak, especially in Providence. In contrast, the Tucson system had very low scores for measures of integration through the core agency, but integration among all the other mental health provider agencies in Tucson was higher than in any of the other three systems. Integration in Albuquerque was structured in a decentralized way, more like Tucson than the other two sites; although the core agency in Albuquerque played a stronger integrative role than did Tucson's because of its size and the range of services it provided.

Co-operative links exhibited exactly the same pattern as organizational links on all the agencies ranking (table 1, line 1). Tucson is the most integrated system with a score of 0.082; Albuquerque is the second most integrated system with a score of 0.075; Akron is third, slightly behind Albuquerque, with a score of 0.070; Providence is fourth with a score of 0.058. However, when the structure of integration on the co-operative links measure is considered, almost the same reversal as on organizational links occurs. For the core agency's co-operative links to other organizations. Tucson drops from first to fourth with a score of 0.183; Albuquerque goes from second to third with a score of 0.324. The only surprise is that Akron is in first, slightly ahead of Providence in second. Even though the ranks are switched, the scores are almost identical with Akron at 0.429 and Providence at 0.422, quite a bit higher than Albuquerque and much higher than Tucson.

## DISCUSSION OF INTEGRATION FINDINGS

There were two clear patterns of involvement. Providence and Akron exhibited a centralized pattern of involvement. Each was well integrated through the core agency, but much less well integrated among all the other agencies in the system. This is consistent with the design features of both systems that clearly fix accountability and responsibility with the main provider – in Providence with the monopoly provider and in Akron with a community mental health centre that is a wholly owned subsidiary of the Alcohol, Drug and Mental Health Board.

Tucson and Albuquerque exhibited a decentralized pattern of involvement. Both were quite well integrated from the perspective of all agencies in the system. Both dropped off – Tucson more than Albuquerque – when only links between the main provider and the rest of the agencies were included in the analysis. The relative weakness of the ties between the main provider and the rest of the network in Tucson and Albuquerque was not surprising. Both systems were clearly structured along decentralized lines. Tucson had three large providers and the mental health authority that controlled the system dealt separately with each. Albuquerque's scores of 0.882 on the organizational links measure and 0.324 on the co-operative links measure are reasonably high and reflect the fact that the University of New Mexico Community Mental Health Centre was by far the largest single provider in the system, even though it did not have responsibility for co-

ordinating the system. Figures 1–4 attempt to graphically portray the structure of each of these networks as a 'radar scope', drawn from the perspective of the core agency.

The differences noted in table 1 between the core agency and the rest of the providers can be clearly seen in figures 1–4 which array the agencies (the small numbered circles) with all five linkages in the concentric circle closest to the core agency, the agencies with four linkages in the second closest circle, and so on until the fifth circle which consists of agencies with only one type of linkage to the core agency. Agencies outside the five concentric circles are not linked to the network although they were identified by key informants as important to the system. These 'radar screens' have proved quite useful in explaining the structure of the system to policy makers and managers involved in running or redesigning it.

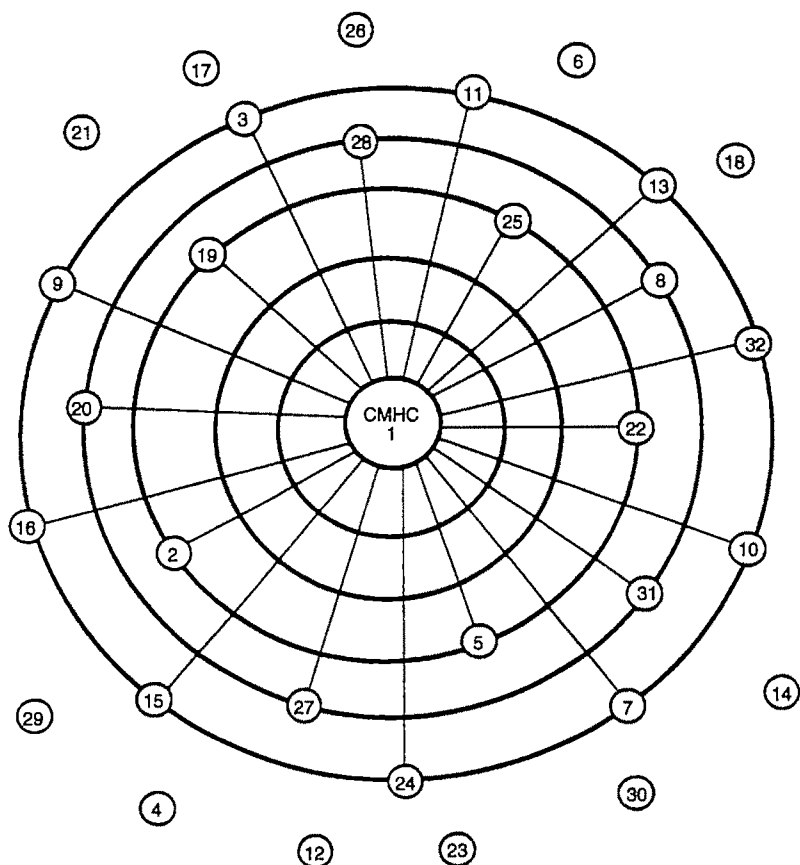


FIGURE 1 *Agencies in the Tucson Community Mental Health Center's service implementation network*

*Note:* The closer an agency is to the centre, the greater the number of service links it maintains with the CMHC (range = 0 to 5 links).

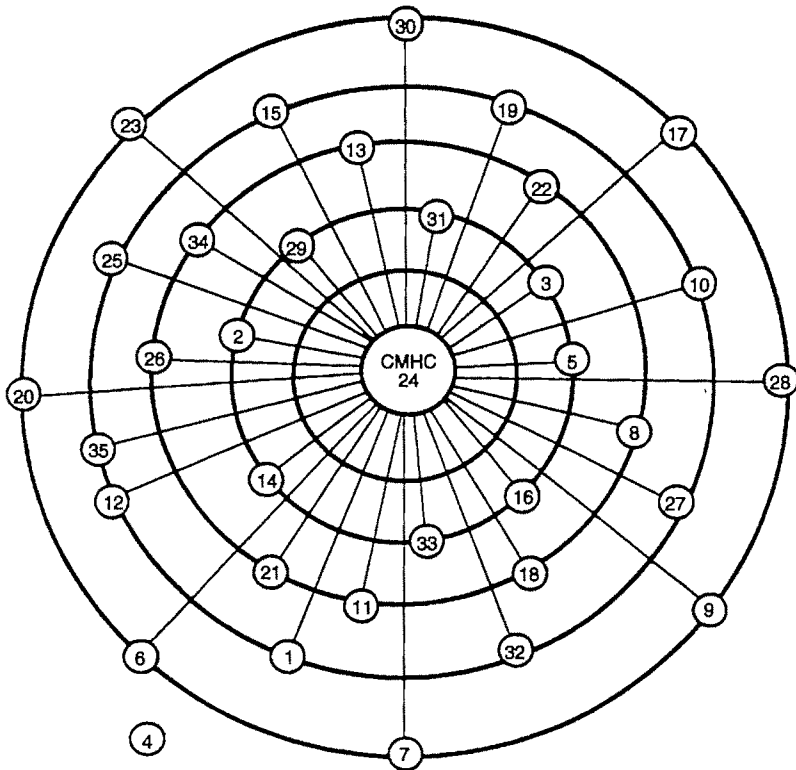


FIGURE 2 *Agencies in the Providence Community Mental Health Center's service implementation network*

*Note:* The closer an agency is to the centre, the greater the number of service links it maintains with the CMHC (range = 0 to 5 links).

What is not so easily explained is why one finds such high levels of integration among all the agencies in Tucson and Albuquerque. Are professional values at work here? The finding for co-operative links, which are controlled by professionals, give some evidence that this may be the case (Weiss 1990). Do professionals believe that service integration is the best way to increase the viability of deinstitutionalized persons with mental illness and thus act to integrate systems with formal features that discourage such linkages? These questions remain unanswered but are of great importance. If professional values can be shown to influence co-operative behaviour in networks then they provide an alternative control mechanism to hierarchy or quasi-markets based on contracts. It would support efforts like workshops, training sessions, and executive education programmes that teach human service professionals teamwork, co-operative behaviour, negotiation, conflict resolution, and other interorganizational skills.

What is clear is that the presumption that almost all human service systems are fragmented does not hold for these four systems. While integration

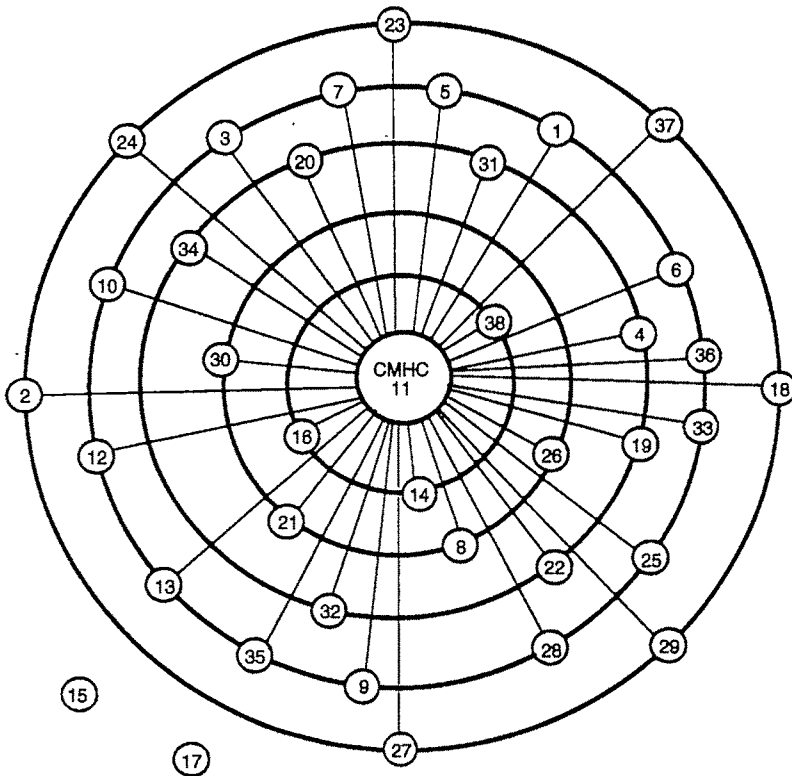


FIGURE 3 *Agencies in the Akron Community Mental Health Center's service implementation network*

*Note:* The closer an agency is to the centre, the greater the number of service links it maintains with the CMHC (range = 0 to 5 links).

of services is a strong 'clinical conviction' of most professionals in the human services, what has been learned from this study of four community mental health networks is that all the networks were well integrated but in quite different ways. In other work on these same four sites, the authors explore how differences in the structure of integration affect the networks' performance (Provan and Milward 1995).

No matter how similar or different the four community mental health systems are compared to other human service systems, the following recommendation can be made based on this study. Attempt to determine how integrated a network of services is before spending scarce time and money to further integrate it. The techniques utilized in this article can be used as evaluative techniques to determine the degree and nature of system integration. Perceptions are very often a poor basis for policy making. In the case of each community mental health network, at each site the leaders of the networks were almost unanimous in their conviction that the system needed further integration. If a system is already reasonably well-

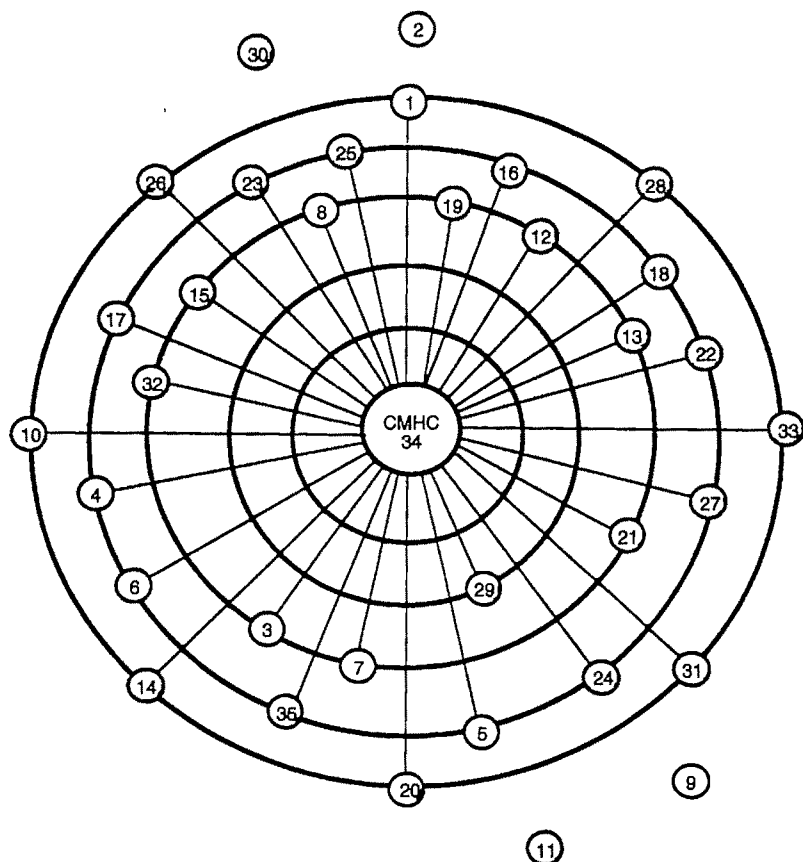


FIGURE 4 *Agencies in the Albuquerque Community Mental Health Center's service implementation network*

*Note:* The closer an agency is to the centre, the greater the number of service links it maintains with the CMHC (range = 0 to 5 links).

integrated, attempts to integrate it further can be counterproductive as additional increments of integration may lead to an increase in co-ordination costs as time, money and effort are spent on integration rather than increasing the quality of services.

## STUDY 2: THE LINKAGE STRUCTURE OF A SUBSTANCE ABUSE PREVENTION NETWORK

Within a given network there may be very different networks for each type of linkage. It is expected that linkages like referrals would be more frequent than linkages that require the joint commitment of two or more organizations such as service agreements or joint programmes. In addition to the study of the four cities' mental health networks, a study has also been con-

ducted of the structure of various linkages in a community substance abuse prevention network funded by the US Office of Substance Abuse Protection.

A substance abuse network was surveyed utilizing the same general questionnaire (exhibit 1) with an expanded list of linkages. The study included only 'pieces' of organizations like the police, who did a great deal more than attempt to prevent substance abuse.

The lead agency in this prevention network was not interested in how well integrated the substance abuse system was. Since the community was quite spread out and included both rural and urban agencies as well as Indian tribes, the lead agency was concerned that there be links between the set of diverse agencies responsible for preventing substance abuse. This led to a different type of analysis of this network from the four community mental health systems.

The lead agency was an 'action-set' (Aldrich and Whetten 1981) in that it was created by a coalition of agencies funded by a grant from the US Office of Substance Abuse Protection. This organization of organizations became responsible for administering the five-year grant and accountable for preventing substance abuse in the community. Because of these daunting responsibilities, the agency was looking for performance measures. Since measuring something that did not happen (substance abuse) is quite challenging, alternative measures were discussed with the coalition. They discussed the kinds of linkages they felt were needed if the geographically dispersed and ethnically diverse community was going to be activated to combat substance abuse. This discussion resulted in a list of eight linkages that were felt to be important in activating the community. The linkages included shared information, referrals, joint programmes, collaboration on jointly funded projects, joint policy formation, subcontracts, intergroup working agreements, and intergroup task forces.

A structural analysis programme, UCINET IV, was used which provides powerful but accessible tools to represent the structural elements of networks and the relationships between the elements. The programme generated graphs, which were termed 'webs', of the structure of each of the linkage networks within the overall substance abuse prevention network. Figures 5-12 each shows a different linkage network for some aspect of substance abuse protection.

Each circle on a graph represents an organization. A line between circles represents a confirmed relationship. The linkages that do not require resource commitments like shared information and referrals are much more numerous than those that do, like subcontracts.

The goal of the study was to help the coalition identify agencies that were not well linked to the system. If an agency was viewed as critical to the success of the network, they were targeted for visits from the heads of the coalition to better link these agencies to the network. The researchers suggested that figures 5-12 be used as a baseline measure of the substance abuse prevention network. It was recommended that near the end of the

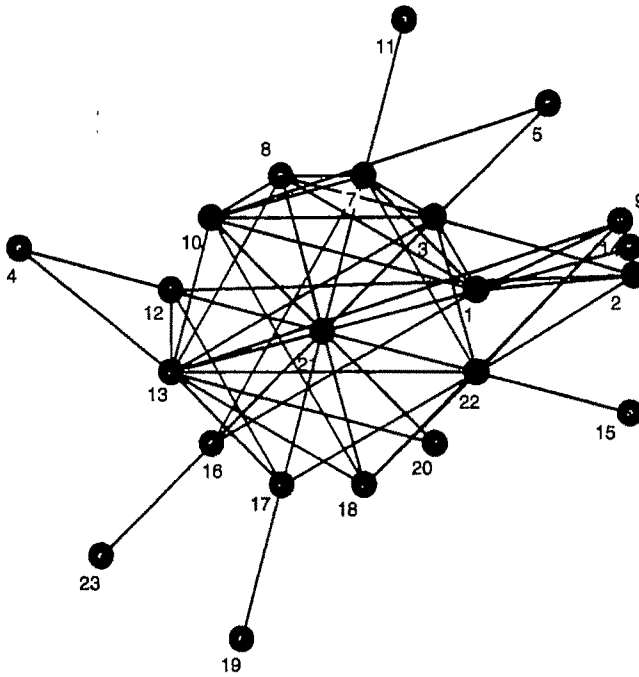


FIGURE 5 *Shared information*

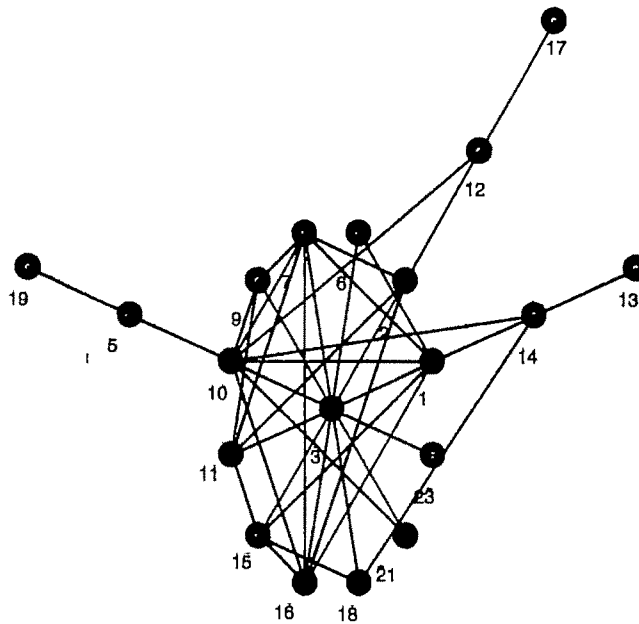
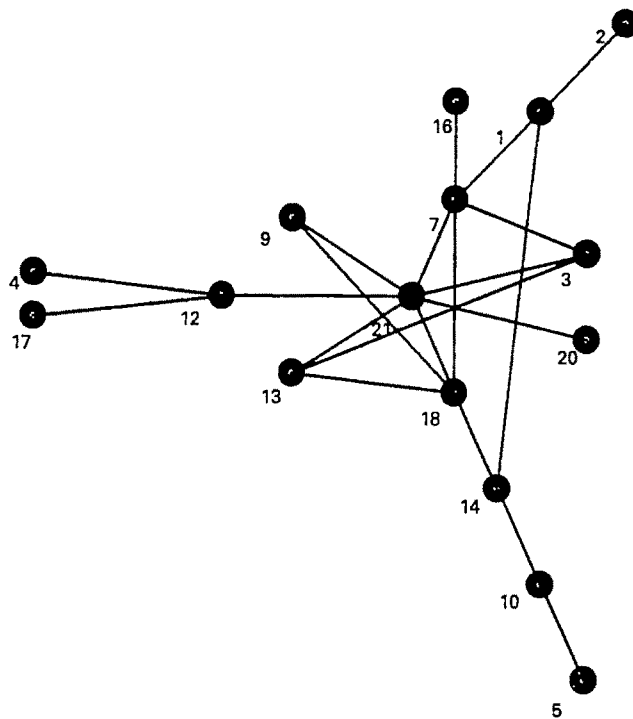


FIGURE 6 *Referrals*

FIGURE 7 *Joint programmes*

grant, four years hence, the agency replicate the procedure to determine the progress the coalition had made in creating a network that linked all the diverse elements in the community on a range of different dimensions. This could then be used as one measure of how successful the coalition had been in activating the community to prevent substance abuse. Unfortunately, because of changes in the evaluation contract, the follow-up evaluation was never done.

## CONCLUSION

This article has attempted to introduce public management researchers to some of the techniques, problems, and prospects for conducting network research that are useful in implementing and evaluating human service networks. It is hoped that public management researchers will find these techniques to be useful, despite their limitations, as a way of more carefully specifying the nature of the systems that they analyse and redesign.

It should be pointed out that differences in the structure of networks could be hard to explain. Differences clearly exist but what they mean is much harder to answer. In the case of the four cities, the researchers kept detailed fieldnotes of all interviews. The fieldnotes helped to make sense out of the quantitative data and helped to explain why network structures



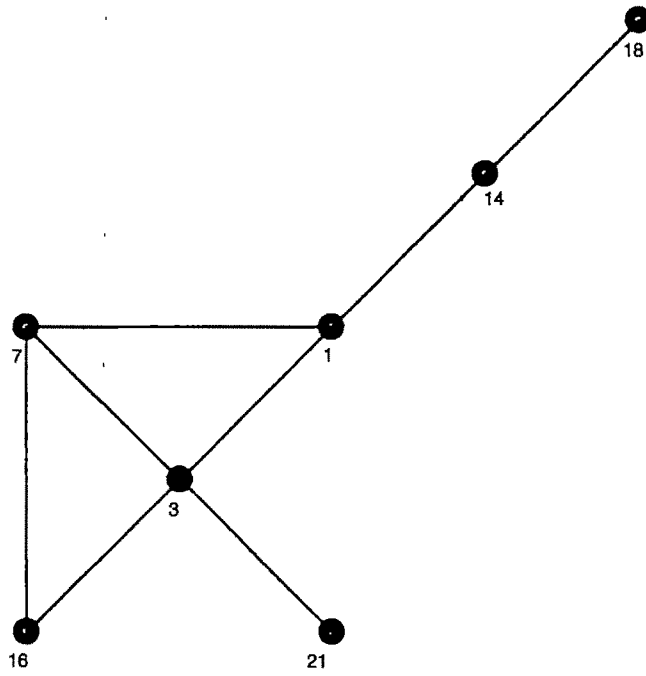


FIGURE 8 *Collaboration*

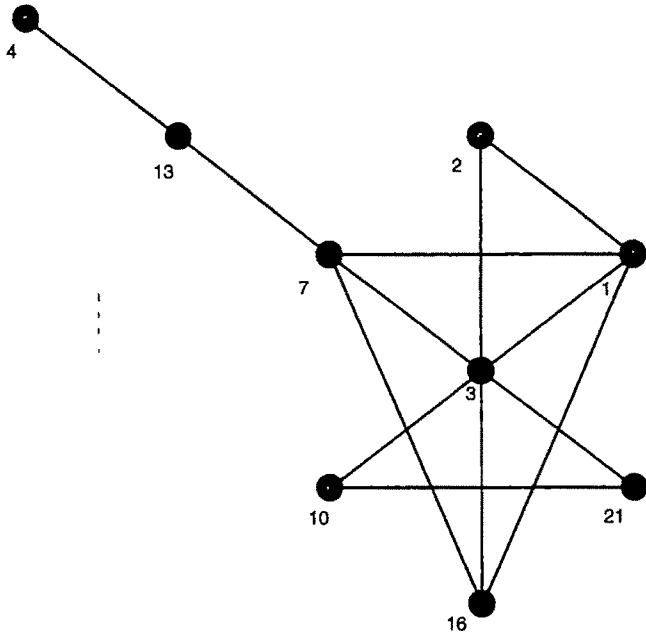
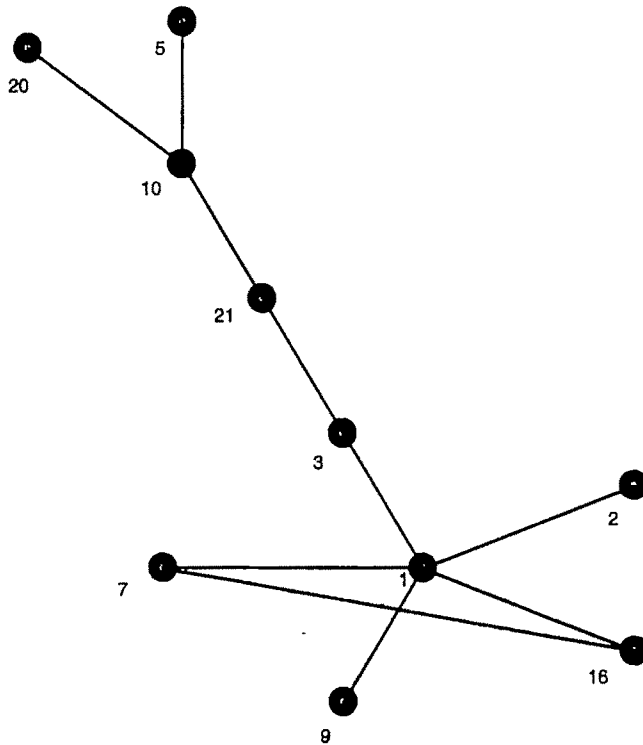


FIGURE 9 *Joint policy*

FIGURE 10 *Subcontracts*

differ in importance. At the same time, had the quantitative analysis of the structure of the four networks not been done, it would still be assumed that fragmentation of the networks was an important problem. While it is fashionable to call for the 'triangulation' of research methods, this research confirms its validity (Provan and Milward 1995).

The second part of the article dealing with the single substance abuse prevention network is presented as an example of how network analysis can be utilized in ways that can help public and non-profit managers analyse their relations with other agencies. Maintaining relations with many different agencies is very important as agencies depend on each other to jointly produce taxpayer funded services. By knowing which agencies they have what types of relationships with, managers can target where they need to spend their time building new relationships. The results of the process of building relationships can be measured by analysing the network at two points in time, which can provide evidence of how a community becomes better linked to fight difficult problems like substance abuse. The differences in the two measurements could be viewed as a rough indication of how much social learning has occurred during the interval between the two measurements. In some way this is like a bottom up version of

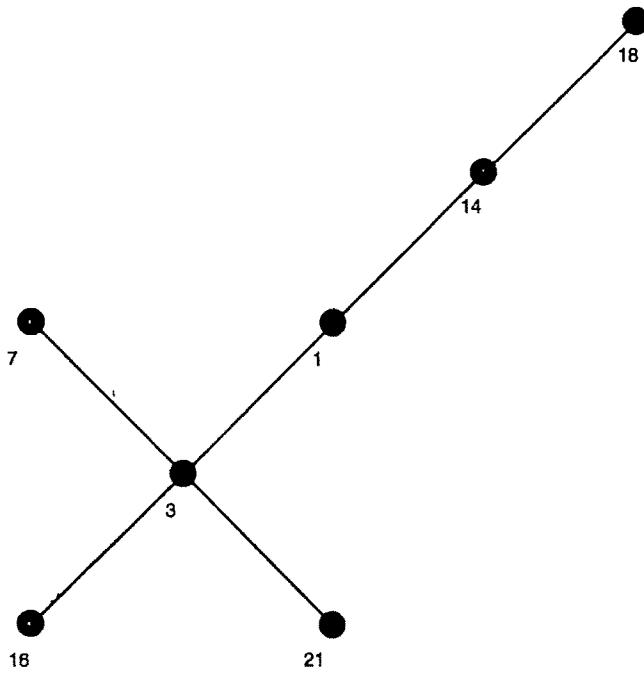


FIGURE 11 *Working agreements*

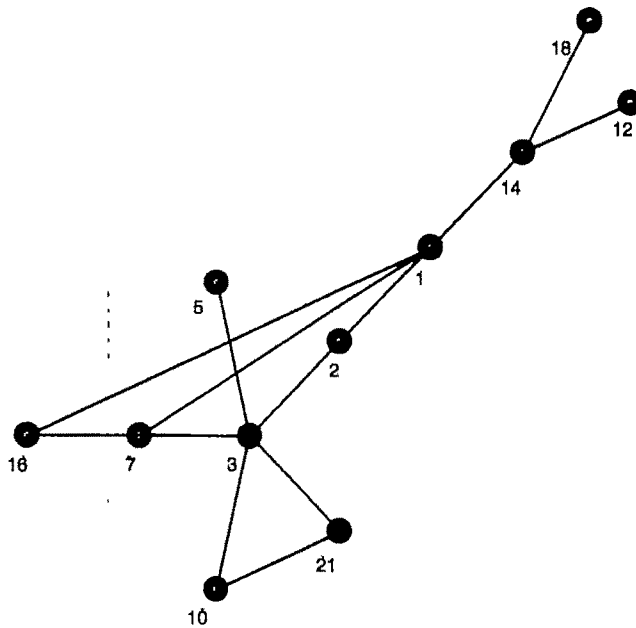


FIGURE 12 *Task force*

Scharpf's (1978) idea of using network analysis to compare prescriptive networks with empirical ones. His idea was to measure goodness of fit between the networks that policy makers and planners design and what actually emerges from local patterns of interaction.

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## REVIEWS

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### UNDERSTANDING GOVERNANCE: POLICY NETWORKS, GOVERNANCE, REFLEXIVITY AND ACCOUNTABILITY

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**R.A.W. Rhodes**

Open University Press, 1997. 239 pp. £45.00 (cloth), £16.99 (paper)

This volume represents Rod Rhodes's *hommage à Rhodes*. It is almost entirely a collection and editing of a number of previously published articles addressing the general subject of governance. More specifically, the book's chapters focus on the 'new governance' perspective utilizing networks and relationships with the European Union to explain the 'hollowing' of government, and reduction in the governance capacity of the institutions of British government. The basic idea is that 'governance without government' is the emerging pattern within the United Kingdom. In this view the scepticism of the public about the capacity of contemporary political systems to govern effectively is justified, especially for the United Kingdom which is the focus of this book.

The book shows some of the signs of having been a compilation of papers and the seams are visible in a number of places. Despite those obvious seams, Rhodes does still raise many of the important questions about contemporary governance, and he provides his own distinctive answers to those questions. The first crucial question being addressed is whether governments of advanced industrial democracies (again especially the UK) are capable of steering those societies in the ways in which they have been accustomed. The second is if those governments are not, what forms of collective management are possible. Rhodes's basic answer to the first question is 'no'. He argues that the conventional conceptualization of centralized steering is no longer meaningful because of a large number of both international and domestic linkages that limit the capacity of states to govern in an autonomous and effective manner.

The answer to the second fundamental question of modern governance is that to the extent that steering can take place it will be through the interaction of state and society. This answer returns Rhodes to a familiar theme in his extensive publication programme over the past several years – the importance of networks and other forms of interaction between state and society in providing direction of the society. Rhodes's basic argument is that hierarchical dominance by a central government no longer works effectively in countries like the United Kingdom and that more co-operative forms of governance are essential. This view is obviously compatible with Rhodes's previous work on networks in intergovernmental relations in the United Kingdom; the argument is basically that the same interdependence identified within British domestic intergovernmental relations now extends internationally, and to all types of politics.

In some ways it is difficult to take issue with the importance of networks and other forms of interaction between state and society in contemporary government. This pattern of state-society interaction is certainly evident in a number of policy areas and in most if not all industrialized democracies. The identification of the existence of networks does not, however, address several other important issues. One is whether those networks or something like them have not always been present, and what has changed in the theory rather than the reality. Have any observed changes been more matters of degree than of type, given that there have always been some interactions of government and groups in society?

The more important question is what the existence of those networks says about governance.

Rhodes does a much better job in demonstrating the existence and importance of policy networks than in demonstrating that the existence of those networks obviates the capacity of governmental institutions to 'steer', or otherwise govern, the society. To some extent a straw person about traditional governance – the Westminster model – has been created, and then effectively demolished. Government institutions never have had the freedom to govern that appears necessary to sustain the arguments for a major shift in governing. Constraints imposed by interactions with society have always been a factor in governing – it may be primarily the terminology describing those interactions that has changed.

Not only does the 'new governance' literature (this argument is with more general than just Rhodes's work) have some difficulty with the nature of networks themselves in the governance process. If indeed governance without government is possible then networks and other social actors must be able to perform some of the functions now performed by government. One of the most important of these is conflict resolution among competing social interests, something that the functionalist character of much of the network literature does not appear to permit. I do not find persuasive accounts of how decisions will be made, other than that they will be done through bargaining.

In summary, this book is a useful compilation of Rod Rhodes's thinking about governance and the changing nature of government in the United Kingdom. It is also a useful statement of ideas about the 'new governance'. I personally remained unconvinced by some of the arguments, but it is an important perspective that deserves reading, discussion and reflection.

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## CAPTURING THE POLITICAL IMAGINATION: THINK TANKS AND THE POLICY PROCESS

Diane Stone

Frank Cass, 1996. 331pp. Price not known

At last, a good book on think tanks. For over two decades journalists have excited themselves over the influence exercised in Britain by some small, partisan think tanks, notably the Centre for Policy Studies; and for the better part of a century a small number of more academic research institutes – such as the Policy Studies Institute and its predecessors – have attracted the respectful attention of policy makers and commentators. But to date the domestic literature on these bodies has been thin, the most significant contribution being Richard Cockett's book *Thinking the Unthinkable*, essentially a history of the more prominent free market bodies, and two special issues of *Contemporary British History*. As the admirably comprehensive bibliography to this volume shows, the American literature is more extensive, although it too contains few book-length studies and much of the useful material on think tanks appears as tangential references in works on other aspects of policy-making.

Discussion of think tanks in this country has a tendency to get bogged down in the vexed question of defining what we mean by 'think tank' – an exercise which often degenerates into futile semantics. Diane Stone wisely avoids this by defining these bodies in terms of a set of common characteristics: organizational independence; self-determination of research agendas; a strong policy focus, a degree of expertise; and a concentration on influencing public debate. Although the study is confined to think tanks in the United States and Britain, a 'timeline' charting their creation still lists over 180 of these bodies which fall within these parameters. The author does, however, distinguish – as many commentators do – between the 'old guard' research institutes – the Chatham House model – and 'new partisan' bodies which have flourished since the 1970s.

The book is essentially in two parts. The first examines the character of think tanks: their organization and management, and their need to learn and adapt in order to remain innovative and avoid stagnation. The second part considers their impact: their policy brokerage and networking activities, and their *modus operandi* in the war of ideas. The two most interesting chapters are one which examines the role of think tanks in the context of public choice theory, and one which sets think tanks within the concept of 'epistemic communities' – essentially networks of specialists with common beliefs and values concerning a policy area, for whom think tanks become key fields for their activities. The book concludes with chapters examining the role of think tanks in two specific spheres: privatization and foreign policy.

I take issue, however, with the author's contention that '...since think tanks are not involved in the details of policy implementation or the formal decision-making process, it is irrelevant to try and investigate their direct influence on policy. Instead it is necessary to look at how think tank scholars interact with decision-makers, and to examine the more subtle processes of agenda setting and policy entrepreneurship'. I agree entirely with the second sentence, but disagree entirely with the first, and do not see that they are logically connected.

Think tanks exist to influence policy outcomes. That is why people set them up, and that is why sponsors fund them. If they were not capable of influencing policy outcomes, political scientists would not be interested in them. Think tanks make great play of their links with political élites, and enough instances can be identified in which they have made a deliberate pitch to influence a specific policy. This is not an easy area to study: cause and effect are problematic, the evidence is sometimes elusive and – often being oral testimony – not always reliable. But although the task is difficult, it is not impossible; and since it is possible, it needs to be attempted. It is a bit unfair to single this book out for criticism, given that this deficiency is shared by most of publications in the field; but the more the literature develops, the more obvious such a deficiency becomes in any book, and the more difficult it is for authors to ignore it.

It would be unjust to end on a critical note, however. This book is based on thorough and wide-ranging research, synthesizes a great volume of disparate evidence and analyses it from a variety of perspectives. The bibliography is the most comprehensive on the subject that I have encountered, and there is a useful gazetteer of think tanks in Britain and America. Anyone interested in the interplay of ideas and policy-making should find this book a rewarding read.

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# MINISTERIAL RESIGNATIONS 1945-97

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KEITH DOWDING AND WON-TAEK KANG

This article<sup>1</sup> reports on data collected on ministerial resignations and non-resignations 1945-1997. It analyses the reasons why ministers resign and patterns that emerge in terms of the types of issues that are more likely to lead to resignation, and variances between different Prime Ministers, parties and over time. It provides the first fully quantified analysis of ministerial resignations in Britain in the post-war period to enhance the impressionistic analyses which have been offered before.

## I INTRODUCTION: GENERAL FIGURES

A great deal has been written on the role of ministers, their individual and collective responsibilities, their relationships with colleagues, civil servants, their party and the Prime Minister. It is naturally, and correctly, assumed the most important relationships ministers have are with their own backbenchers, their cabinet colleagues and with the Prime Minister. There are many ways in which we can examine ministerial relationships; one route is via the issue of resignations. Much has been written on why ministers resign, are sacked or reshuffled, and much also on the conditions under which they should resign. However, no quantitative analysis of the pattern of ministerial turnover has ever been undertaken. This article is a first attempt to analyse data collected on ministerial turnover in the 52 years from the beginning of the Attlee government to the end of the Major administration.

The first part of this article charts the general patterns of ministerial turnover, the second part concentrates upon individual ministerial resignations, leaving aside the data on reshuffles.<sup>2</sup> There have been few systematic attempts to examine the causes of ministerial resignations. Most of the literature discusses recent resignations and compares them with previous cases (Fry 1969-70; Baker 1972; Ganz 1980; Pyper 1983; Hennessy 1986; Oliver and Austin 1987; Doig 1989, 1993; Pythian and Little 1993) but offers no systematic account of resignations. In all of this literature there is surprisingly little empirical evidence concerning the particular causal reasons leading to the resignation. In discussing individual resignations authors tend to assume the minister 'had to go', and compare and contrast the case

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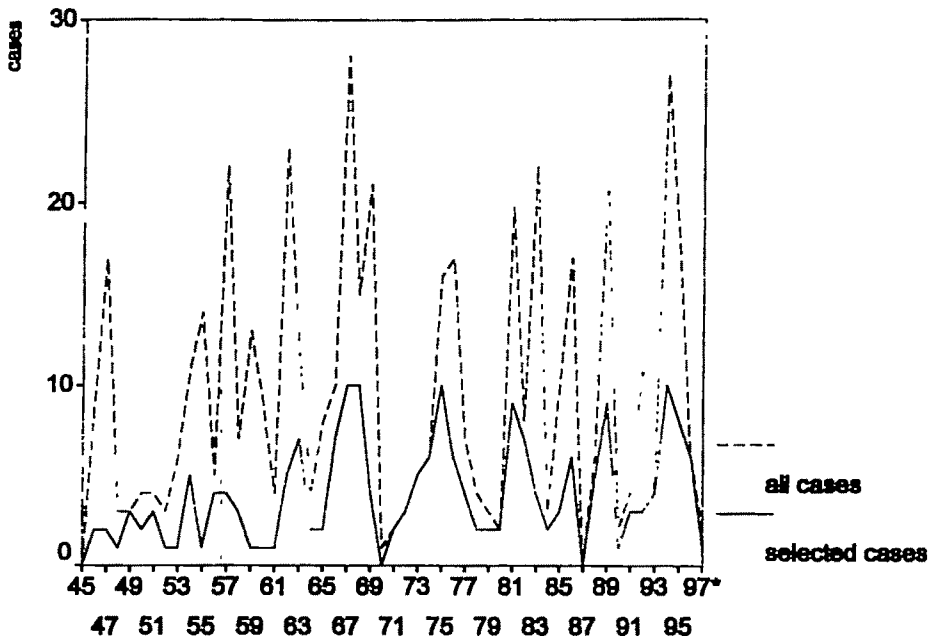
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with the almost mythical Crichton Down Affair to see how current practice shapes up to the so-called constitutional convention. The articles tend to be normative as much as empirical, as they are concerned with constitutional convention: those rules 'accepted as obligatory by those concerned in the working of the constitution' (Wheare 1966, p. 179). But constitutional convention is created through customary behaviour and not defined by one or two cases. To understand when ministers should resign through constitutional convention one needs to discover when they *do* resign, through systematic analysis of past cases. Finer's (1956) classic article remains perhaps the only attempt to try to do so historically, though more recently Woodhouse (1994) has looked at cases in the 1980s. Even these consider only the famous resignation cases and do not look systematically or quantitatively at all instances. Previous literature, with the exception of Woodhouse (1994) and Dowding (1995), also suffers a major methodological flaw. One cannot examine the causes of resignation by considering only cases where ministers resign: one also needs to consider the cases where they *do not* resign. One cannot claim that the causes of ministerial resignation are such-and-such if one examines only cases where ministers have resigned and those conditions obtain, for there may be a significant number of cases where such-and-such occurred yet the ministers did not resign. This article is thus the first systematically to study ministerial resignations over a long period of time to try to discover the true causes of ministerial turnover and thus to generate empirical propositions about the nature and changing conditions of the conventions and expectations surrounding ministerial resignations.<sup>3</sup>

Ignoring turnover caused by changes of government following a general election, there have been 368 resignations.<sup>4</sup> Of these cases, 295 (80 per cent) occurred either through cabinet reshuffles or retirement without undue controversy (including those who went on to other jobs). The remaining 71 resignations, an average of 1.4 per year, have been coded into a set of eight categories.<sup>5</sup> The analysis conducted allowed for each resignation to be coded into one of the eight categories as the *proximate* cause of the resignation, and also for each to be coded for other or background reasons.<sup>6</sup> 'Non-resignations' were similarly coded. A non-resignation is defined as any case where the press, a non-political organization or MPs in the House have suggested the minister should resign (not including ritual catcalls). Non-resignations are just as important as resignations if there is to be any attempt to understand the causal process of resignation.<sup>7</sup> For far too long academics, journalists and self-proclaimed constitutional experts have discussed the conventions of ministerial resignation, dredging up past cases of resignation, without fully acknowledging the extent of non-resignation: 134 cases (including 8 threatened resignations) or 2.6 per year. These cases are also important for understanding the degree of controversy faced by different cabinets over the years. It should be understood, however, that given the basis of the data collection, differences over time reflect changes

in the press as much as changes in the behaviour of ministers. Figure 1 shows the entire set of ministerial turnover and also 'selected cases' which removes from the total cases where the 'Reason for (non-)Resignation' is 'Retirement/Alternative Appointment/Reshuffle' and 'Data Not Available'.<sup>8</sup>

There is no obvious pattern to resignation cases. The peaks largely appear in mid-cycle, tailing off as the date of the general election approaches. Peaks occur in 1947 (1946-9 government), 1957 (1955-9 government), 1962 (1959-64 government), 1967 (1966-70 government), 1976 (1974-9 government), 1981, (1979-83 government), 1989 (1987-92 government), and 1994 (1992-97 government).<sup>9</sup> All these reflect cabinet reshuffles, the 1976 reshuffle also reflecting a change in Prime Minister. However, peaks occur at other times too. There are high levels of resignations from 1967 to 1969 reflecting various problems, scandals and controversies in Wilson's second government. The Thatcher decade also has an almost annual trough-peak pattern, continued in the Major era. For the Thatcher decade certain years can be picked out to explain this pattern. The 1981 recession crisis with a cabinet reshuffle, the 1983 reshuffle following the election victory, and the controversies in the Cabinet in 1989 which eventually led to her downfall. Similarly the troughs occur during the year of an election or the following year 1952,



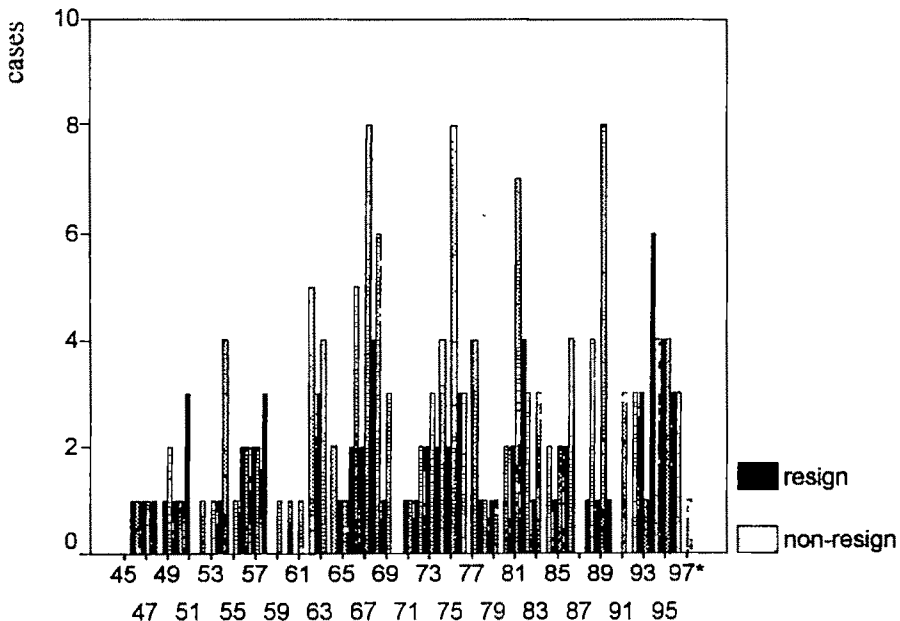
\* The cases in 1997 are limited to the period of the Major government.

FIGURE 1 *Resignation issues by year*

1964, 1970, 1980, 1984, 1987, 1993, and 1997, though again there are exceptions. The annual pattern is thus much as would be expected, with ministerial turnover largely dependent upon mid-term reshuffles and few changes following an election victory. More revealing for resignations as a part of individual responsibility is the evidence shown in figure 2.

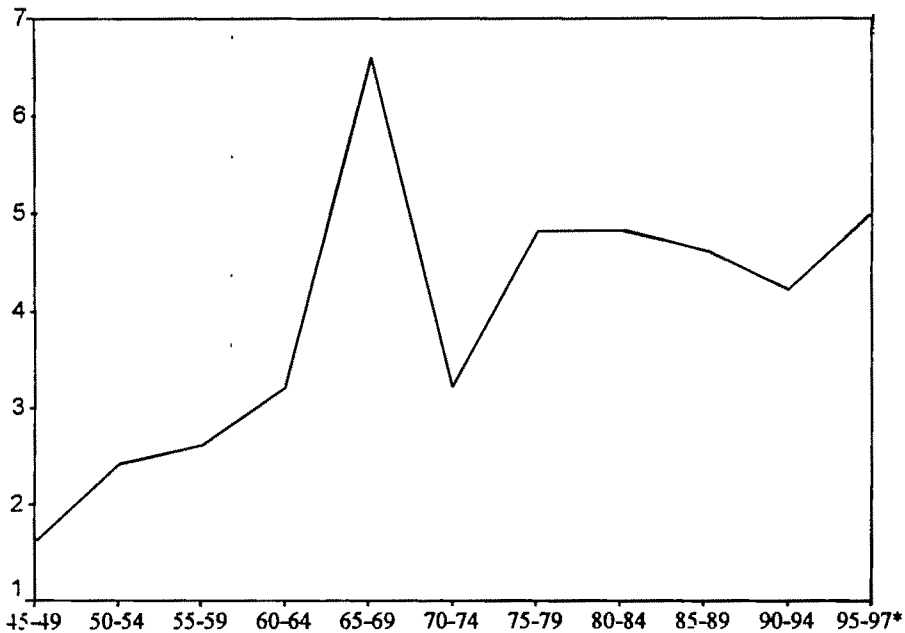
Figure 2 shows resignation and non-resignation (selected cases) by year. The number of the selected cases is 205 out of all the 502 cases. Figure 3 shows the count smoothed by five-year periods (starting 1946) to see if there are any detectable trends in the numbers of resignations and non-resignations over time. Figure 3 suggests an upward trend over the period, with the fall in the 1970s, following the turbulent Wilson years, giving way to the upward trend by the end of the period. We can break this down further into Parliaments as in figures 4 and 5 and associated table 1, isolating the troubled second Wilson government (1966–70).

Figure 4 suggests an increase in resignation issues. There are several possible explanations. The number of ministerial appointments has increased, particularly in the junior ranks. Junior ministers often have a much higher profile than they once did, particularly if their responsibilities include issue-areas which attract controversy (Theakston 1987). Even if it is spread over a greater number of people, controversy has grown since the mid-1970s. Figure 4 also corroborates Norton's evidence of growing



\*The cases in 1997 are limited to the Major government

FIGURE 2 *Resignation and non-resignation by year (selected cases)*



\*This is the average of cases during the three years' period.

FIGURE 3 *The average number of cases by 5-year period (selected cases)*

dissension inside political parties within the House of Commons generally (Norton 1975, 1980, 1993, ch. 2). This is revealed more clearly in table 2 by the 'annual resignation issue score'. The first 28 years have a yearly average three-fifths that of the last 21 years. If the second Wilson government, anomalous in the earlier years, is removed, we find that from 1974 the annual resignation issue score is almost double that of the earlier period. Whether this is a result of a greater number of crises, more discordant Cabinets or incompetent ministers or civil servants, or whether it simply reflects a more aggressive media and parliamentary scrutiny is an open question.

## II DIFFERENCES BETWEEN PRIME MINISTERS AND PARTIES IN POWER

The most striking feature of table 1 is the high number of resignations from the Major government 1992-7 with sixteen resignations, a rate of 2.5 per year, an average beaten only by the short Wilson administration 1974-6. The number of non-resignations is also high for Major but again not as high as for Wilson or Thatcher. Rearranging table 1 as a league for resignation issues gives us table 3.

Wilson, in all his guises, tops the table as the most troubled Prime Minister, but Major at 5.4 resignation issues per year is not far behind Wilson's

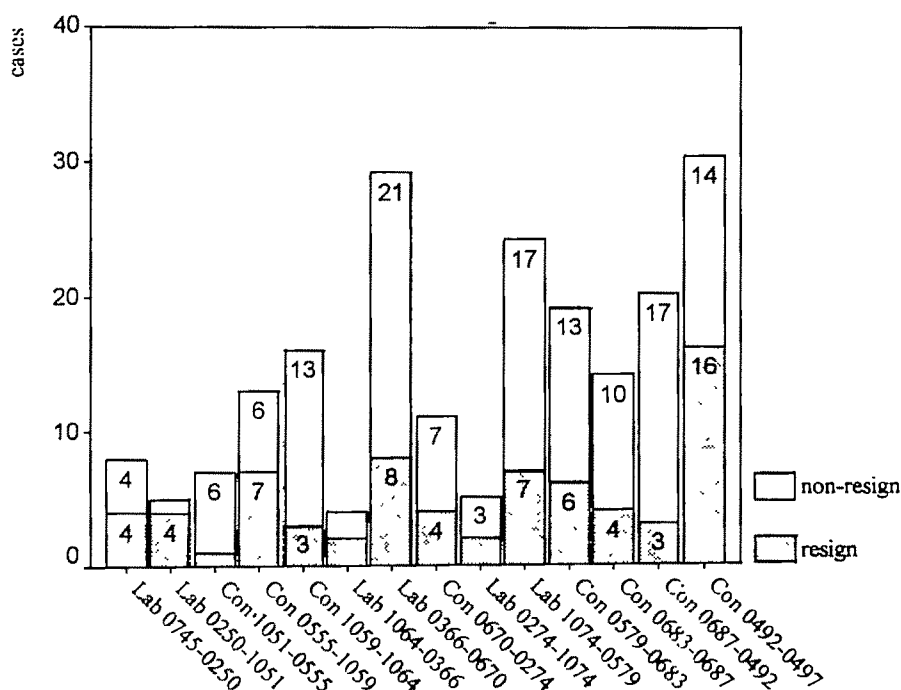


FIGURE 4 The number of cases by Parliament (selected cases)

first administration at 5.8. Thatcher weighs in with 4 before we drop down to 3+ with Macmillan, Callaghan and Eden, and almost 3 for Heath. Attlee, Douglas-Home and Churchill seem to have enjoyed a relatively trouble-free time. Column two shows the numbers who have resigned. Wilson's second administration heads the table, but Major is second with 2.6 per annum. No other administration averages 2 resignations per year; most have just above 1, and Callaghan and Churchill below. Douglas-Home's short administration barely counts. Again the Wilson administration stands out, but the last seventeen years seem to have been much more troubled for prime ministers than earlier decades.

Another way of looking at these figures is suggested in table 4. Here the 'honour ratio' measures how often ministers resign when faced with a resignation issue. The 'honour ratio' is calculated by the number of resignations per administration divided by all resignation issues, giving a score between 0 and 1. The higher the score the more 'honourable' the administration. The Major administration appears in a better light, second-highest in the 'honour ratio', beaten only by the Attlee administration. Wilson comes mid-table and Douglas-Home does not count. Thatcher and, perhaps surprisingly, Churchill, occupy the third-lowest and second-lowest in terms of 'honour'. Attlee's 'honour ratio' is almost 30 per cent higher than the next highest, Major. With an average of 0.34, we might see Eden, Heath,

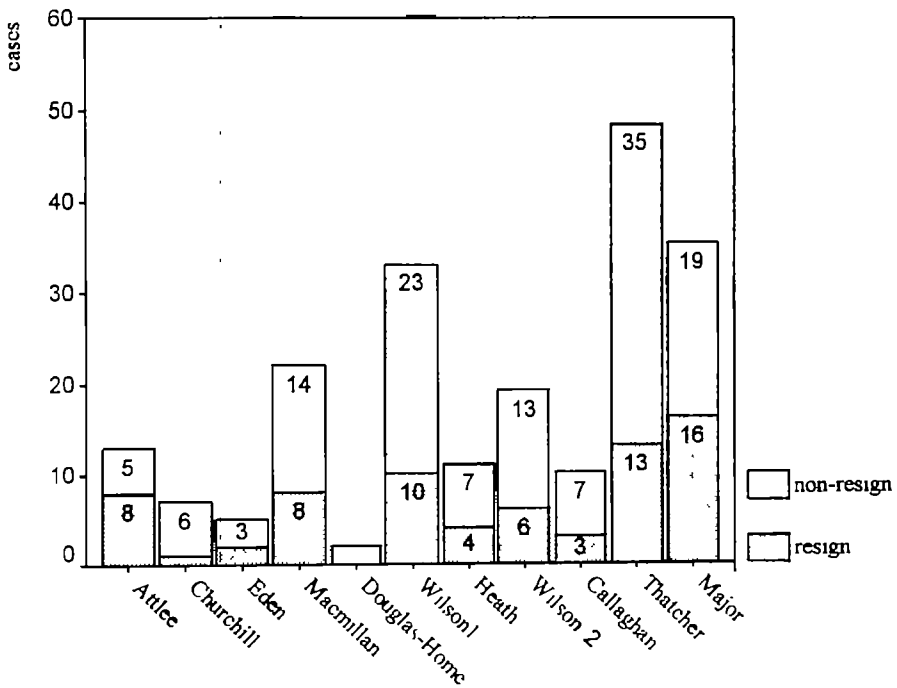


FIGURE 5 *The number of cases by Prime Minister (selected cases)*

Macmillan, both Wilsons and Callaghan as averagely 'honourable', with Attlee and Major as more than averagely 'honourable', and Thatcher and Churchill's post-war Cabinet as more than averagely 'dishonourable'.

Table 5 compares the 'honour ratios' of the parties where we see little difference, though Labour has a more tempestuous time, with a greater average number of both resignations and resignation issues.

These figures are all gross and the 'honour ratio' on its own is a somewhat dubious record of governmental sleaze as it does not take into account why ministers resign or the degree of controversy surrounding particular resignation issues. All resignation cases were coded into eight 'Reasons for Resignation': personal error; departmental error; sexual scandal; financial scandal; policy disagreement; personality clash; performance; and other (see appendix for details). Often, several reasons are entangled in a resignation decision. Performance is related to policy, and both personal and departmental error may occur. In such cases background or auxiliary reasons are coded too, but judgements have to be made as to correct categorization, and some codings may be debatable. The following analysis is based on the *proximate* reasons for resigning only.<sup>10</sup>

Figure 6 and associated table 6 chart the reasons for resignation issue by party. Policy disagreements are much more likely in the Labour Party, with 34 (2 per year), than in the Conservative Party at 26 (0.7 per year). In the

TABLE 1 *The number of cases by Prime Minister (selected cases only)*

PM (period)	months in office	resign	non-resign	total
Attlee	75	8	5	13
(July 1945–Oct. 1951)		(1.3)	(0.8)	(2.1)
Churchill	42	1	6	7
(Oct. 1951–April 1955)		(0.3)	(1.7)	(2.0)
Eden	19	2	3	5
(April 1951–Jan. 1957)		(1.3)	(1.9)	(3.2)
Macmillan	81	8	14	22
(Jan 1957–Oct. 1963)		(1.2)	(2.1)	(3.3)
Douglas-Home	12	0	2	2
(Oct. 1963–Oct. 1964)			(2.0)	(2.0)
Wilson 1	68	10	23	33
(Oct. 1964–June 1970)		(1.8)	(4.1)	(5.8)
Heath	45	4	7	11
(June 1970–March 1974)		(1.1)	(1.9)	(2.9)
Wilson 2	25	6	13	19
(March 1974–April 1976)		(2.9)	(6.2)	(9.1)
Callaghan	37	3	7	10
(April 1976–May 1979)		(1.0)	(2.3)	(3.3)
Thatcher	138	13	35	48
(May 1979–Nov. 1990)		(1.1)	(3.0)	(4.2)
Major	78	16	19	35
(Nov. 1990–April 1997)		(2.5)	(2.9)	(5.4)

\*The figures in parentheses are annual averages.

TABLE 2 *Annual resignation issue score*

Years	Resignation cases	Yearly average
1945–1974 (29 years 9 months)	93	3.1
1945–1974* (25 years 8 months)	64	2.5
1974–1997 (23 years 2 months)	112	4.8

\*not including the second Wilson cabinet (1966–70)

TABLE 3 *Average resignations per year*

Prime Minister	Total	Resignation	Non-resignation	Duration (months)
Wilson 2	9.1	2.9	6.2	25
Wilson combined	7.6	2.1	5.6	93
Wilson 1	5.8	1.8	4.1	68
Major	5.4	2.5	2.9	78
Thatcher	4.2	1.1	3.0	138
Macmillan	3.3	1.2	2.1	81
Callaghan	3.3	1.0	2.3	37
Eden	3.2	1.3	1.9	19
Heath	2.9	1.1	1.9	45
Attlee	2.1	1.3	0.8	75
Douglas-Home	2.0	0	2.0	12
Churchill	2.0	0.3	1.7	42



TABLE 4 *The honour ratio*

Prime Minister	Resignations	Resignation issues	Honour ratio
Attlee	8	13	0.61
Major	16	35	0.46
Eden	2	5	0.40
Heath	4	11	0.36
Macmillan	8	22	0.36
Wilson 2	6	19	0.32
Wilson 1	10	33	0.30
Callaghan	3	10	0.30
Thatcher	13	48	0.27
Churchill	1	7	0.14
Douglas-Home	0	2	0.00
TOTAL	72	205	0.35

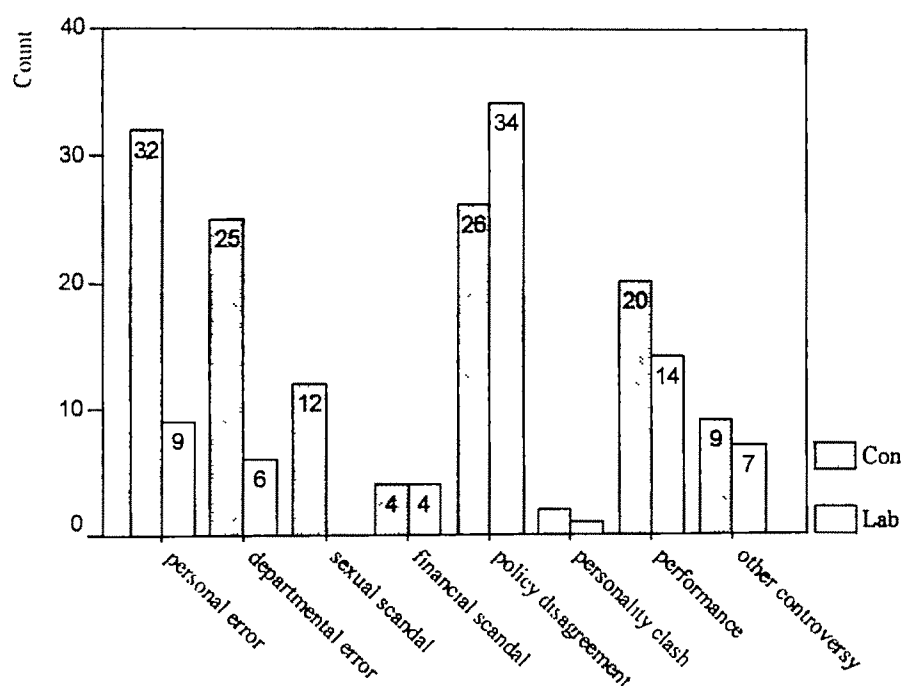
TABLE 5 *The honour ratio by party*

	Months in power	Resignation	Resignation issues	Honour Ratio
Conservatives	415	44 (1.3)	130 (3.8)	0.34
Labour	207	27 (1.6)	75 (4.4)	0.36

The numbers in parentheses are the yearly averages.

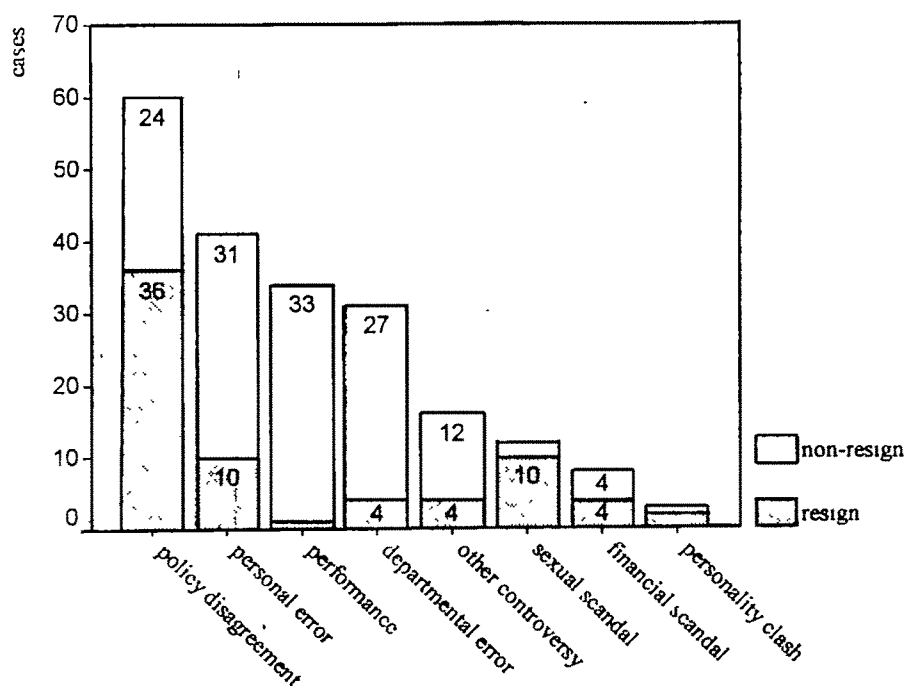
Labour Party they are also more likely to lead to resignation. Wilson's first administration was especially prone to policy disagreement, with 15 instances of threatened resignation and 6 resignations resulting.<sup>11</sup> Conservatives are 50 per cent more prone to personal error at 0.9 times per year, as opposed to Labour's 0.6; both lead to resignations at about the same rate. Conservatives are also twice as liable to departmental errors: with 0.7 per annum compared to Labour's 0.35. Most notable, however, is the contrast between the 12 Conservative sexual scandals and Labour's total lack of such difficulties. Are Labour ministers unattractive, do they not get caught, or have they stronger family values than Conservative ministers? John Major's 'back to basics' campaign undoubtedly led to closer scrutiny of his ministers, which probably explains the high number in the past few years and also the media packaging of various issues under the title of sleaze (Dunleavy and Weir 1995). It must also be recognized how much more interested newspapers are in the personal lives of ministers than once they were. This trend which has grown steadily from the 1960s has become more pronounced from the mid-1980s.

Labour ministers face calls for resignation over their performance more often at 0.8 times per year, as opposed to the Conservatives 0.6 times. Even though Labour governments have had more tempestuous times overall, with more resignation issues per year, they are at least partly of their own making, since policy disagreement is at the heart of the difference. If one

FIGURE 6 *Reasons for resignation issues by party (selected cases)*TABLE 6 *Reasons for (non-) resignation by party (selected cases)*

Reasons	Conservatives		Labour	
	resign	non-resign	resign	non-resign
Personal error	8	24	2	7
Departmental error	4	21	0	6
Sexual scandal	10	2	0	0
Financial scandal	2	2	2	2
Policy disagreement	16	10	20	14
Personality clash	1	1	1	0
Performance	1	19	0	14
Other controversy	2	7	2	5
TOTAL	44	86	27	48

extracts 'policy disagreement' from the figures, the Conservatives have faced the higher average of resignation issues: 3 per annum compared to Labour's 2.4. This suggests that policy is more important to Labour ministers than to Conservative ones (although the European Union is an obvious exception). It will be interesting to see if this remains true under Blair's 'New Labour' government.

FIGURE 7 *Reasons for (non-) resignation issues (selected cases)*

### III WHY DO MINISTERS RESIGN?

It is time to look more closely at why ministers resign. Figure 7 and associated table 7 chart resignations and non-resignations in the categories coded. By far the largest category for both resignation and non-resignation is policy

TABLE 7 *Reasons by (non-) resignation (selected cases)*

	Personal error		Departmental error		Sexual scandal		Financial scandal	
	cases	%	cases	%	cases	%	cases	%
resign	10	24	4	13	10	83	4	50
non-resign	31	76	27	87	2	17	4	50
	41	100	31	100	12	100	8	100
	Policy disagreement		Personality clash		Performance		Other controversy	
	cases	%	cases	%	cases	%	cases	%
resign	36	60	2	67	1	3	4	25
non-resign	24	40	1	33	33	97	12	75
	60	100	3	100	34	100	16	100

disagreement with 58 cases of which 35 or 60 per cent are resignations which is unusual, for in most of the other categories non-resignations outnumber resignations.

Table 7 splits the categories into two groups: those where resignation issues are mostly cases of resignation and those where non-resignation outnumber resignations. The first group consists of sexual scandal where 10 out of 12 cases (83 per cent) led to resignation, financial scandal (4 out of 8 or 50 per cent), personality clash (2 out of 3 or 67 per cent) and Policy Disagreement (36 out of 60 or 60 per cent). Sexual scandals prompt more resignation than the other categories. Sex may have become less of a problem in the 1980s when both the cases of non-resignation, Nicholas Fairburn, Solicitor General for Scotland (December 1981) and David Mellor, Secretary of State for National Heritage (July 1993) are recorded. Nevertheless, both resigned soon afterwards, Fairburn just one month later in January 1982 and Mellor two months later in September 1993. In both cases the proximate reasons for these resignations were different, though there is no doubt that the ministers had lost political capital through these earlier revelations, which were important in their final resignations. Sex is still one of the more serious threats to a minister.

Financial scandal also tends to lead to resignation. Of the four non-resignations, Neil Hamilton is a case where, despite the prominence of financial improbity, the proximate reason was a potential sexual scandal. At first Hamilton appeared to be avoiding resignation, but was forced to resign when the Prime Minister's attention was drawn to a potential scandal after Hamilton's former mistress alleged they had met after she had approached him for help as his constituency MP. Hamilton thus suffered both financial and sexual scandal and was forced to resign as the Major government desperately tried to control what the papers were heralding as the 'sleaze factor'. It is unlikely that the sex issue would have forced Hamilton to resign if he had not already been in trouble over financial improprieties, but this was piggybacked onto the financial scandal he was, at that stage, appearing to weather. It is thus an unusual coding case, particularly since the attention through the Downey report is concerned only with financial aspects. Nevertheless the final straw for Hamilton was the looming problem with his former mistress. The other three cases are Edward Short, the Lord President (and Chair of the Privileges Committee and Deputy Leader of the Labour Party) in May 1974, John Silkin in July 1974, and Jonathan Aitkin, Chief Secretary to the Treasury, in October 1994. The Short, Hamilton and Aitkin non-resignations share the feature that they involve comparatively small sums of money purportedly received for giving general assistance or advice to business people. The financial scandals leading to resignation are similar. The other four cases are John Belcher in 1948, Reginald Maudling in July 1972, Lord Brayley in September 1974 and Tim Smith in October 1994.

Policy disagreement and personality clash are the other cases where resignation is more likely than non-resignation probably because of the nature

of the publicity of the issues than of the issues itself. When either policy disagreements or personality clashes have reached such a pitch as to become a resignation issue, they have already become divisive enough to trigger a resignation. There are many more policy disagreements within Cabinets that are resolved before reaching the stage of public discussion of possible resignations, whilst disquiet over policy amongst junior ministers reaches the public sphere only when a resignation occurs or is about to occur. Policy disagreement, like personality clash, is also unusual because of the attitude of the Prime Minister who is more likely to be in favour of a resignation. In other cases (with the exception of sexual or financial scandal) the Prime Minister is more supportive, at least in public.<sup>12</sup>

In all other cases resignation is less likely to occur over a resignation issue. Personal errors led to resignation ten times, in only 24 per cent of cases, and only four occasions or 25 per cent in 'other controversy'. The resignations because of personal error are Hugh Dalton, November 1947, T. Galbraith, November 1962; Charles Fletcher-Cooke, February 1963; James Callaghan, November 1967; Nicholas Fairburn, January 1982; Leon Brittan, January 1986; Edwina Currie, December 1988; Michael Mates, June 1993; Allan Stewart, February 1995, and David Willetts, December 1996.

The four resignations in the case of 'other controversies' are Patrick Gordon-Walker in January 1965, Jeremy Bray in May 1969, David Mellor in September 1993, and the Earl of Caithness in January 1994. The latter involved a personal problem, following his wife's suicide and criticism of his behaviour by her relatives. Gordon-Walker was made Foreign Secretary despite having lost his seat at the General Election. He was made Labour candidate for the theoretically safe seat of Leyton but lost the by-election narrowly. Having him go to the Lords would have been too embarrassing for the government. Bray, Joint Parliamentary Secretary at the Ministry of Technology, was forced to resign by Wilson when he announced he wanted to write a book on the machinery of government. Bray said that he did not wish to leave the government. He had been involved with the changes Labour had made and the only difference he had with the Prime Minister was on the issue of publication.

The classic honourable resignation according to the myth of constitutional convention comes following departmental error. But only 13 per cent of cases of departmental error lead to resignations, 4 out of 30 cases. Even this is misleading, since they concern only two issues: Crichton Down when Dugdale went because of error by his civil servants (Mackintosh 1977, pp. 530-1; Delafons 1982, p. 256; Chester 1956 in Mackintosh 1989a; Nicholson 1986) and the Argentine invasion of the Falklands which produced the resignations of Lord Carrington and his junior ministers Luce and Atkins (Pyper 1983; Jordan 1983; Woodhouse 1994, pp. 87-106).<sup>13</sup> Even here a case can be made that coding them 'departmental error' is generous to the classic doctrine. Nicholson (1986, cf. Boyle 1980) convincingly argues departmental error had little to do with Dugdale's resignation, whilst Carrington resigned

in order to save the Prime Minister. As Jordan (1994, pp. 224–6) has pointed out, in both cases the ministers were praised not only for their chivalry but also for the fact resignation was unnecessary. In three further cases departmental error has been recorded as a background or auxiliary reason; Brittan in 1986, Fairburn in 1982, Galbraith in 1962. Personal error is the main coding for these cases. Neither Crichel Down nor the Falklands invasion is convincing as an example of the doctrine of ministerial responsibility for civil servants.

Only 3 per cent of calls for resignation over performance lead to resignation which constitutes just one, rather special case: Margaret Thatcher in November 1990. She resigned as Prime Minister as John Major became leader of the Conservative Party. Four codings are appropriate for this case: personal error, policy disagreement, personality clash and performance. Her personal errors were to forget how much she ultimately relied on her Party and her Cabinet for her power (Alderman and Carter 1991; Jones 1995), and losing her grip on the issues as she became personally identified with some of the government's most unpopular policies, notably the poll tax (Butler, Adonis and Travers 1994). Policy disagreement, partially over the poll tax, but more over economic policy and the European Community, saw her lose several cabinet ministers. This also involved personality clash as her domineering attitude became overwhelming. All these are coded as auxiliary reasons, for ultimately she lost the premiership because her Cabinet deserted her when she failed to gain victory on the first round of the leadership ballot, and this occurred because her backbenchers feared they would lose the next election under her. A case can be made that she went because she was unwilling to accept the doctrine of collective ministerial responsibility (Jordan 1994, pp. 208–9).

The uniqueness of this case and the multiplicity of reasons that can be coded for her resignation only serve to underline the fact that ministers do not resign for poor performance. They lose their jobs in reshuffles because of their overall performance. One important result of this study, to be reported in subsequent work, is that ministers who resign or are reshuffled have often been involved in previous non-resignations. Surviving resignation issues uses up political capital, which can later be a contributory factor in an actual resignation.

## CONCLUSIONS

This article has presented some general data showing the patterns of ministerial resignations over half a century. There are a number of notable features. The number of resignation issues has increased quite dramatically over the period. The increase in the government payroll and the profile and importance of junior ministers does not fully explain this increase. Policy disagreement is a frequent cause of resignation, particularly for Labour governments. Sexual scandals, policy disagreements and personality clash are much more likely than other issues to lead to resignation. The high

percentage of resignations after 'personality clash' is largely a function of the method of collecting the data since these only become 'resignation issues' when they have already generated considerable press attention and governmental strife. Sex scandals are still likely to lead to resignations in Britain and their number has grown in recent years. The prevalence of sex scandals in recent years is partly a function of the role of the media and says as much about British attitudes as it does about politicians' behaviour. Its great prominence in the last few years undoubtedly lies partly with Major's 'back to basics' campaign, but is a sign of the intense interest of the media – and their readers – in this issue.

The increase in the number of 'resignation issues' is certainly a function of closer press scrutiny of government ministers as people, if not a closer scrutiny of their policies. The data presented here perhaps says as much about the press as it does government behaviour.

As figure 4 graphically demonstrates, the last eighteen years, particularly Major's government, have been troubled. The last Major government had 16 resignations, more than twice the number of any other Parliament, and also one of the highest (19) of non-resignations. The data therefore strongly confirm commentators' opinions of Major's troubled time as Prime Minister. But Wilson's governments were the most turbulent of all with policy disagreements in his Cabinet just as exhausting as those faced by Major.

We can see that there is great variation in ministerial reactions to resignation issues, but generally speaking ministers resign when they are forced to, rather than because of constitutional conventions they feel the need to abide by. Resignations signify little more than the needs of the Prime Minister and the governing party and the falling political standing of the ministers concerned. The data presented here provides an initial analysis of the reasons and causes of ministerial resignations which is just one aspect of cabinet studies. Hopefully, more detailed studies of these issues should provide a clearer picture of the differences between Prime Ministers, and the more thoughtful analysis of the true conventions of ministerial behaviour.

## APPENDIX

The data have been collected using the following method:

- (i) All individuals who have served as ministers, junior ministers or whips have been identified from Butler and Butler (1986, 1994) and official sources.
- (ii) *The Times* index is consulted year-by-year noting all references to departments, ministers by job and ministers by name. They are cross-referred to events to build up a comprehensive picture of the major political events of each year.
- (iii) All potential resignation issues are consulted in *The Times* on micro-film.
- (iv) All the issues which are resignation issues are photocopied for the

file. Cross-references are made to other newspapers, *Hansard*, and through biographies, autobiographies and other historical sources. (During the period of non-publication of *The Times*, *The Daily Telegraph* was used.)

- (v) The data thus collected are then categorized according to the coding frame described below.

A resignation is easy to observe, but non-resignations are required. The method for identifying a 'non-resignation' is simple. If someone in the House of Commons or the press, or from some non-political organization (understood broadly) suggests the minister should resign, or the press suggests the issue is 'seriously damaging' or some similar phrase then it is defined as a 'potential resignation issue'.

The coding schema observes the following lines:

### Reasons for resignation

All resignation cases were coded into eight 'Reasons for Resignation'. These are coded first at the proximate reason for the resignation. Where many reasons are involved background or auxiliary reasons are also coded. These have not been used in this analysis. The eight reasons for resignation are: personal error – where the minister made a serious mistake for which he or she is personally accountable, including a failure of policy; departmental error – a serious mistake occurs in the minister's department; sexual scandal; financial scandal; policy disagreement – in which the minister publicly criticizes government policy or a personal clash occurs which ends in resignation;<sup>14</sup> personality clash – where the minister clashes with the Prime Minister or other cabinet colleagues;<sup>15</sup> performance – ministers may be called on to resign by backbenchers or the press when they are seen to be performing badly over a long period of time, usually through policy failure or lack of decisiveness in important issues; other controversies; and retirement and reshuffles. Often various reasons are involved. Performance is related to policy disagreement; both personal and departmental error may occur. In such cases background or auxiliary reasons are coded too, but judgements have had to be made over the correct categorization, and some debate may remain about the coding in some cases.

The residual category 'Data Not Available' is possible.

The data has also been coded for the position taken by the Prime Minister, the minister's own party, the opposition parties and the media, though these have not been used in this analysis.

Data collection started in 1991 going backwards to 1945, and then data from 1992–7 were collected between 1994 and 1997. The data were collected and coded by Helen Cannon, Norman Cooke and Won-Taek Kang, overseen by Keith Dowding. Won-Taek Kang and Keith Dowding have provided coding validation. The project is continuing, with data collected on PPSs, and backwards to 1900 and further validation and background research to fill in 'Data Not Available'.



## NOTES

1. The data used in this article have been collected over a number of years. Keith Dowding would like to thank his two earlier research assistants, Helen Cannon and Norman Cooke, for collecting and the initial coding of much of the data 1945-1991. The authors would also like to thank the Nuffield Foundation (Grant no. SOC/100(302), Brunel University work placement scheme and the LSE for providing funding which made the data collection possible. Keith Dowding has also received a grant from the STICERD Institute at the LSE to continue this project which helped in the final stages of this analysis. They thank Patrick Dunleavy, Anne Gelling, George Jones and André Kaiser for their comments.
2. 'Ministers' here includes ministers in the Cabinet, ministers of cabinet rank, junior ministers and whips of the governing party. Unfortunately PPSs have had to be excluded from this analysis. We hope later to provide fuller analysis which will include PPSs.
3. Dowding (1995, ch. 8) presented some preliminary results of this study for the period 1945-91.
4. This article defines 'resignation' broadly to include sackings.
5. At a later date we intend to examine reshuffles in the context of a model of 'political capital'.
6. In some cases the background reasons may be thought to be more important than the proximate cause. Most analysis in this article is based on the proximate cause. Later analysis will consider background as well as proximate reasons.
7. See appendix for methodological details of the study.
8. Note 'resignation cases' includes resignations, non-resignations and threatened resignations. Deaths in office are excluded from all analyses. Figure 1 starts from the beginning of 1946.
9. In this article the term 'government' will generally refer to the government in power between two elections. An 'administration' is defined by the Prime Minister, so that the 'Thatcher administration' refers to the governments under her premiership May 1979-November 1990. The term 'party government' may be used to describe the continuous government of one party through several administrations and several governments, so the Conservative government of October 1951 - October 1964 was composed of three governments (October 1951 - May 1955, May 1955 - October, 1959 and October 1959 to October 1964) and four administrations (Churchill October 1951 - April 1955. Eden April 1951 - January 1957, Macmillan January 1957 - October 1963 and Douglas-Home October 1963 - October 1964).
10. See note 6.
11. All bar one of these were in the second Wilson government, 1966-70.
12. 'Personality clash' has been coded as a primary reason for resignation rather conservatively. In fact often in policy disagreements, and indeed other resignations and non-resignations, underlying personality clashes can be seen in the background.
13. Woodhouse (1994, pp. 106-20) classifies Brittan's resignation as departmental error. But Brittan's officials were acting under his direction, and he did not resign until after they had been named and blamed. It is extremely unlikely that Brittan would have resigned had he not been exposed as misleading the House of Commons.
14. Ministers often debate policy vigorously in Cabinet, its committees and elsewhere, but only when this becomes public knowledge can a call for a resignation be made.
15. Again this results in calls for resignation only when the clash is so great as to leak out; most cases of this category are resignations.

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# UTILIZING THE DELPHI TECHNIQUE IN POLICY DISCUSSION: A CASE STUDY OF A PRIVATIZED UTILITY IN BRITAIN

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A challenge for social policy makers is to explore consensus and dissensus in issues where approaches such as roundtable meetings and focus groups are not feasible or likely to provide accurate information. The Delphi survey technique is a powerful tool for exploring social policy issues not as widely used as it deserves. This article explores Delphi and describes its application to a major and highly contentious public policy issue; how the electricity supply industry should respond to customers in debt. Our experience demonstrates how expertise and opinions of individuals who either would not or could not normally cooperate can be brought together to achieve a consensus, resulting in policy changes that lead to measurable social welfare gains. It illustrates Delphi's strength as a policy tool that recognizes the multiplicity of interests involved in such issues, the value of different kinds of front-line expertise and the desirability of proceeding on the basis of a consensus of informed opinion.

## INTRODUCTION

Delphi technique has been used as a tool of applied social science, primarily for planning or forecasting (Mitchell 1992, p. 5), but knowledge of it is not widespread. In their seminal work on Delphi, Harold A. Linstone and Murray Turoff lament that many Delphi studies used for in-house or consultancy purposes do not get written up in publicly available form (1975, p. 78). This article reports on one such use of Delphi survey technique on a key social policy issue in Great Britain – the responses of electricity supply companies to consumers who fail to pay their bills. Our purpose is to explain the technique and to suggest how it might be used more widely to assist social policy decision makers.

The project, which was commissioned by the Electricity Consumers' Committees' Chairmen's Group (ECCCG), addressed an issue of key concern about which there was no apparent consensus. It was known that interested parties had widely differing views on the appropriateness of policies and the desirability or viability of alternatives. Though suppliers operate

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on a regional basis, the issue was a national one, so an additional consideration was the need to consult geographically dispersed experts.

It is in such difficult situations that conventional approaches tend to break down. Delphi offers a means whereby a rational review of a social issue may emerge. It enables the areas and extent of agreement and disagreement to be identified in a way that is often not possible by other means.

The exact nature of Delphi is not well understood by social policy practitioners, so we take care to explain the development and mechanics of the Delphi technique before describing the ECCCCG project and drawing out some implications for future applications of Delphi.

### **Delphi technique**

Delphi was first used by the Rand Corporation in the 1950s to help the United States Air Force identify the Soviet view of the bomb capacity required to destroy strategic US targets (Linstone and Turoff 1975, p. 1). Rand developed Delphi to forecast trends in science and technology and their impacts upon society. It was subsequently developed to enhance communication amongst geographically disparate groups of experts. Linstone and Turoff define the Delphi technique as 'a method for structuring a group communication process so that the process is effective in allowing a group of individuals, as a whole, to deal with a complex problem' (1975, p. 3).

Delphi is a method of trawling opinion amongst experts via a series of written questionnaires. Specific propositions are presented to participants for individual rating on a number of criteria. Results are collated and fed back to participants so they can reconsider their judgements in the light of the spread of opinion. Propositions may be reformulated in view of comments on the first round and new propositions added. The number of rounds may be as few as two and as many as five. Intended outcomes may include any or all of the following: identifying the degree of consensus or dissensus, specifying the range of different positions, and revealing the rationales which lie behind the judgements.

The Delphi technique is especially beneficial when, 'The problem does not lend itself to precise analytical techniques but can benefit from subjective judgements on a collective basis' (1975, p. 4). It is even more appropriate when it is not practicable or desirable to bring experts together. Such considerations may arise for logistical reasons, where experts do not operate on the same networks or could be physically brought together only at inordinate expense. Alternatively, they may arise because a face-to-face meeting could prove counter-productive if the experts belong to interest groups which engage in conflict or where dominant personalities could determine the outcome. By contrast, Delphi brings together a wide range of experts from different backgrounds, enables disagreement in a constructive forum and ensures equal participation by participants. It need not require

large amounts of time or money and can involve more participants than could be on a committee.

### **Delphi as a method of social inquiry**

Delphi use has not been widespread, because it is less well known to researchers and sponsors than more established techniques. There may be a reluctance amongst sponsors to acknowledge that they would benefit from, and even be guided by, the opinions of experts other than themselves. Delphi may also suffer from its hybrid epistemological status. While it can produce quantified results within a recognizably positivist tradition, the definition of the problem and solutions to it by those who are the subjects of the research place it close to constructivist positions (Guba 1990, p. 22). Delphi straddles the divide between qualitative and quantitative methodologies.

Delphi is by its very nature commissioned research. Someone has to sponsor it. This, of course, need not compromise the integrity of the researchers but there may be a tendency to dismiss Delphi as a consultancy tool of dubious status within social science generally. More than with other methods, researchers have to manage relationships with both sponsors and participants. Sponsors are likely to expect clear outcomes, shorn of prevarication. 'Failure to capture a *recognisable reality* may lead to a report being rejected out of hand, whatever its other merits' (Parlett 1981, p. 224, original emphasis). Expert participants may have reservations about contributing to research findings they may never see or accepting methodologies imposed upon them. However, it is characteristic of Delphi as an iterative method that the process of research is more visible to both sponsors and participants than would be the case in more conventional methods. Each grouping – sponsors, consultants, experts – might be seen as stakeholders in the research, again quite different from more conventional models of social science research. This is not, however, to assume that relationships are without problems (Reason 1981). There is also an unevenness in the extent of participation, since some stakeholders are excluded from the later stages of formulating conclusions relevant to policy making (Guba and Lincoln 1989).

All these characteristics mark out the distinctiveness of Delphi as a mode of enquiry which mainly stem from its proximity to the needs of policy makers.

### **Policy Delphi**

A policy Delphi can serve a range of objectives. Turoff listed three: (1) to ensure that all possible options are identified; (2) to estimate the impact and consequences of options; and (3) to examine and estimate the acceptability of options (Turoff 1975, p. 87). In a study of mental health policy options in Holland, Bijl (1992, p. 40) defined the functions of policy Delphi as: (1) to increase knowledge about the subject or field under study;

(2) to confirm or correct basic information; (3) to establish priorities, and to provide a means of disseminating expert opinion to society, political decision makers and other interested parties. Gibson and Miller (1990, p. 35), argue that the breadth and flexibility of opinions expressed via Delphi make it a highly suitable form of consultation about policy making in conditions of uncertainty, a point echoed by Jillson (1975).

Gibson and Miller praise Delphi's capacity to realize a consensus, even when initial portents are not good. Others are more sceptical about whether such consensus is viable or sound (Goldfisher 1992, p. 11; Bijl 1992, pp. 24–5). They prefer to emphasize Delphi's role as a forum for the exploration of ideas and the strength of opinions. Over-aggressive consensus seeking may invalidate results when it is more important to explore areas of disagreement. 'Clarifying dissensus on the issues under study proved to be as interesting and relevant ... as was the elucidation of consensus' (Bijl 1992, p. 246). Linstone and Turoff stress that Delphi helps the process of decision making but does not replace it.

The Policy Delphi also rests on the premise that the decision-maker is not interested in having a group generate his decision; but rather, have an informed group present all the options and supporting evidence for his consideration. The Policy Delphi is therefore a tool for the analysis of policy issues and not a mechanism for making a decision (1975, p. 84).

## UTILIZING DELPHI TECHNIQUE: PRINCIPLES AND PRACTICE

Those who have used the method since Linstone and Turoff, especially in the social policy area, provided useful commentary which informs our discussion and centres on the use of the method for policy development (Bijl 1992; Gibson and Miller 1990; Jillson 1975; Strauss and Zeigler 1975). We deal first with research design, before discussing implementation and data analysis.

### Research design

*Orientation.* Turoff identifies six phases in Delphi: (1) formulation of issues, (2) exposing options, (3) determining initial positions on issues especially areas of agreement and disagreement, (4) exploring reasons for disagreements, (5) evaluating such reasons, (6) re-evaluation of options in the light of the above (Turoff 1975, p. 88). The first three phases constitute the crucial stage of preparation. Participants are being consulted for their expertise and not for their capacity to explain basic issues to the researchers. The challenge is to focus the study without so restricting options that participants feel prevented from fully expressing their views (Gibson and Miller 1990, p. 36; Bijl 1992, p. 240). There is a balance to be struck between developing specific propositions and keeping a flexible agenda which can be amended by the participants. Preparation of Delphi thus involves developing some concrete formulations but leaving room for spontaneous contributions from participants.

*Selecting and retaining a panel.* Relevant considerations here include the size of the panel, the selection of its members as experts and the likely attrition rate over several rounds of consultation. Turoff recommended a minimum of ten and a maximum of fifty on the panel (1975, p. 86). Most studies seem to have operated in the middle of this range. Fairly typical is Jillson's panel of between 35 and 39 members, divided into five sub-panels, although Bijl (1992, p. 241) set up four sub-panels of 25–27 each. Gibson and Miller (1990, p. 35) recommend an initial list of 60 to produce 20–30 actual participants.

The selection of the panel is a subjective exercise. Key issues are the nature of each participant's interest and the depth and range of expertise. Turoff warns that usually the sponsor will have participants in mind (1975, p. 94). There are two basic types of participant. 'Referees' are disinterested experts on the topic, such as academics or civil servants. 'Advocates' are experts whose knowledge derives from their participant involvement as, for instance, leaders of special interest groups. The main consideration in selecting the panel should be to ensure a 'diversified' group of advocates and referees, to avoid uniformity of response. Gibson and Miller (1990, p. 35) recommend recruitment from a range of agencies and geographical areas for economic policy studies.

A particular problem for researchers is that participants may have different degrees of expertise on different aspects of the topic under consideration. This requires that the survey be tightly focused and the panel carefully selected but, when this is not possible, participants may be asked to rate their own expertise in each area (Mitchell 1992, p. 6). Though the composition of the panel may be known to sponsors, individual replies should be confidential. This both encourages frank responses and recognizes that participants are responding as individuals with expertise and not as representatives of organizations.

Participation rates are typically between a half and two-thirds at each stage. Jillson reported that only 24 out of the 35–39 approached actually completed round one (1975, p. 155), and Oshofski and Joseph, studying management training needs in the public sector (1993, p. 299) started with 34 but only had 18 after three rounds. An unusually high rate of response, between 75 per cent and 86 per cent over three rounds, was achieved by McKnight *et al.*'s (1991) work on defining objectives for a health department. They attribute this high level of response to the salience of the issue for those working in the organization.

*Designing the questionnaire.* The usual practices apply here, such as the need to pre-test questionnaires (Jillson 1975, p. 155; Turoff 1975, p. 93). There is also a stress, especially in the early rounds, on a balance between closed and open questions, the latter allowing respondents to add to, refine or challenge the way the questionnaire defines the field (Bijl 1992, p. 242).

The emphasis on potential changes of opinion through repetition of questions and feedback of results is one reason for the iterative nature of the



Delphi method (Turoff 1975, p. 94). Another is the emphasis on progressive refinement of propositions and judgements. The more refined the initial questionnaire, the more rapidly will it produce unambiguous results. Mitchell (1992, p. 9) recommends that several semi-structured questions should be included in the initial round to stimulate and maintain respondents' subsequent interest and commitment. He warns of the need to limit the length of the questionnaire, recommending that it should take no longer than thirty minutes. Others have found that respondents will spend much longer on responses. Jillson found the median time for completion was two and a half hours and some took as long as five hours (1975, p. 155). It appears that respondents will be most motivated where the issue is salient and the researchers appear well-informed.

*Scaling judgements.* The essence of Delphi is that participants are asked to make evaluations about specific propositions and not simply choosing from a number of alternatives. Instead participants must be asked to make an evaluation based on distinctive and carefully defined criteria:

A policy Delphi deals largely with statements, arguments, comments, and discussion. To establish some means of evaluating the ideas expressed by the respondent group, rating scales must be established for such items as relative importance, desirability, confidence and feasibility of various policies and issues. Furthermore, these scales must be carefully defined so that there is some reasonable degree of assurance that the individual respondents make compatible distinctions between such concepts as 'very important' and 'important' (Turoff 1975, p. 89).

Usually propositions are judged against desirability, feasibility, importance and confidence in making the judgement though Turoff recommends no more than two. Jillson (1975) was particularly rigorous in her methodology, asking respondents to judge propositions on desirability, feasibility and importance and providing precise definitions for each of five scale points. (A brief example of her scale is given in the appendix.) Turoff recommends the absence of neutral points to force participants to take a stance. McKnight *et al.* (1991) used Likert scales of 5 or 7 points to indicate the extent of agreement or disagreement with propositions.

## Implementation

*Computing results.* Variations in the nature of questions and in the dimensions and scales of evaluation vitiate prescription of standard procedures for analysing results. However Jillson is an excellent guide, explaining how to convert scores on a 1 to 5 scale into meaningful categories by treating 'nominal scales as interval data' (1975, p. 138). The elaborateness of evaluation procedures will depend on the purpose of the study. Single dimension calculations of overall means and ranges are sufficient to identify a consensus (Goldfisher 1992, p. 11).

*Progressing through successive rounds.* Turoff suggests that as many as five

rounds of Delphi may be necessary to meet all its objectives, though the number may be lower where the research team are able to formulate the main issues and options with confidence beforehand (1975, p. 88). Most researchers report that positions are unlikely to change after two or three rounds and that participation may fall off (Gibson and Miller 1990, p. 37; Mitchell 1992, p. 7–8; Goldfisher 1992, p. 11; McKnight *et al.* 1991; Jillson 1975, p. 154).

### **Evaluating the method as a whole**

Most writers on Delphi claim a range of advantages. They agree that it is fast and cost-effective, compared with alternatives (Olshofski and Joseph 1993, p. 299; Jillson 1975, p. 155). Others stress the great advantages accruing from respondent anonymity, the careful consideration of options permitted by written as opposed to oral response and the possibility of changing them between rounds without public exposure (Gibson and Miller 1990, p. 35). The same writers emphasize that their sponsors were pleased with the results which appeared to show ways forward rather than re-analysing the nature of known problems (1990, p. 41). McKnight *et al.* (1991) stress that using the method in-house indicates to participants that their views are valued.

There is a general recognition of the inherent difficulties in the method, as identified by Linstone and Turoff (1975, p. 6–7). These include technical difficulties of re-adapting the method for each issue, the arbitrariness of participant selection, the balancing of close and open-ended responses in the questionnaire and estimating the time required for completion. Inappropriate uses of Delphi include its use as a surrogate for making difficult decisions or for constructing an artificial consensus. All of these can be summed up as the problems of any social science tool – they can be applied inappropriately by accident or through intent (see Strauss and Zeigler 1975, pp. 253–9).

## **DELPHI IN ACTION: POLICY RESPONSES TO THE PROBLEM OF ELECTRICITY 'SELF-DISCONNECTION'**

### **The context of the research**

Sheffield Business School was asked by the Electricity Consumers' Committees' Chairmen's Group (ECCCG) to carry out an investigation into the problem of 'self-disconnection' in November 1993. The work was carried out between December 1993 and March 1994.

The issue arose because electricity companies were using a controversial alternative to disconnecting the supply of those who had run into debt, adapting electricity supply meters so that use of electricity was dependent on paying for the supply with pre-paid cards or keys. Debtors were pre-purchasing their electricity and repaying accrued electricity debts at the same time. Consumers in debt had to be careful how they used electricity,

sometimes going without it. This behaviour pattern had come to be known as 'self-disconnection', defined in our study as any situation where 'electricity customers do not, or cannot, use electricity for the essentials of day-to-day living'. The practice had become controversial for a number of reasons, in particular a lack of uniformity in procedures used by different electricity suppliers, including the rates at which accrued debts were to be cleared. Some groups, such as the disabled and rural residents, were especially vulnerable to self-disconnection.

Consumer groups and voluntary advice agencies had produced reports which suggested considerable resultant hardship (NACAB 1993; Birmingham Settlement *et al.* 1993). Such views had come to the attention of regional electricity consumers' committees whose brief was to act as consumer watchdogs, raising issues with the electricity suppliers directly and advising the overall regulatory body of the industry OFFER (The Office of Electricity Regulation). Their main forum, the national Electricity Consumers' Committees' Chairmen's Group (ECCCG), commissioned our investigation.

### **Aims of the research**

The brief of the project was 'an evaluation of a range of possible solutions to the problems of electricity self-disconnection, using an iterative methodology'. Unusually, the sponsors had clear ideas about both the outcome and the method of the research. Their belief was that the dimensions of the problem had been adequately documented. Hence the research should concentrate on potential solutions.

The issue was complex, incorporating technical, managerial and ethical considerations. This meant that referees and advocates had to be drawn from a wide range of organizations and backgrounds. Policy solutions had implications for local electricity suppliers at different levels, from licensing agreements and codes of practice to system technology and local response times for repairs to faulty meters. Such issues had been raised with the companies by agencies concerned with public welfare, including the Department of Social Security and voluntary advice services.

The central aim of the research was thus to identify the extent and nature of agreement and disagreement across the interest groups about those measures which would prove both desirable and feasible in ameliorating the problem of self-disconnection. It was recognized from the outset that opinions were unlikely to be dispassionate. Each interest group was concerned to avoid disconnections, but beyond that there was significant divergence. Consumers and those who advised or represented them were primarily concerned with welfare issues. The electricity companies were primarily concerned with economic viability, especially minimizing the level of customer debts. The Committee of Regional Consumer Chairs, essentially in an intermediary position, was motivated to help reconcile these interests.

### Applying Delphi technique to self-disconnection

*Choice of panel.* The client sought a panel fully representative of the bodies with expertise and experience in self-disconnection issues. We eventually agreed on three groups: (1) the domestic electricity suppliers in Great Britain; (2) locally-based consumer groups, including the Electricity Consumers' Committees themselves, Citizens Advice Bureaux and local advice agencies; and (3) national groups with particular expertise, including government departments, federations of voluntary organizations and manufacturers of metering equipment. Groups one and two were seen as advocates and group three as referees. A survey panel of 67 was chosen, including 14 from group one, 42 from group two and 11 from group three. The membership was selected to ensure coverage of all 14 electricity company regions, with a particular emphasis on rural locations, where physical isolation was thought to compound the problem.

*Questionnaire design.* A range of documents and reports dealing with self-disconnection was consulted (Birmingham Settlement 1993; Electricity Consumers' Committee for London 1993; National Association of Citizens Advice Bureaux 1993; OFFER/MORI 1993). The problem of self-disconnection is common to all utilities, so policy options arising in the gas or water industries were considered. A total of 49 propositions were derived and formed the basis of the initial questionnaire. In addition respondents were invited to make written comments at the end of each section and at the end of the whole questionnaire.

*The survey rounds.* The propositions were presented to the survey panel to be assessed for their desirability, feasibility, and importance, the three criteria conventionally used in Delphi. Each criterion was defined on prompt cards enclosed with the questionnaires, modified versions of those used by Jillson (1975).

Questionnaires were sent out during the second week in January 1994 with non-respondents followed up by telephone. Response rates overall are shown in table 1. The useable response rate of 58 per cent in round one

TABLE 1 *Response rate in two Delphi rounds*

	round one				round two		
	initial sample	no reply	refusal/late	used round 1	no reply	refusal/late	used round
Group A: Local electricity suppliers	14	4	2	8	0	1	7
Group B: Local advice agencies	42	15	3	24	0	3	21
Group C: National bodies	11	3	1	7	0	2	5
Totals	67	22	6	39	0	6	33
% Response rate				(58)			(85)

and 85 per cent in round two (50 per cent overall) is consistent with similar policy Delphis (Jillson 1975, p. 155; Olshofski and Joseph 1993, p. 299; McKnight *et al.* 1991).

*Round one results:* At this stage, we decided to leave aside the importance rating. It was evident from initial analysis that importance ratings tended to follow the other two judgements, especially desirability. (It may be hypothetically possible for people to form the judgement that a measure is highly desirable and unimportant but in practice this rarely happened.) However, we subsequently returned to the importance judgements when looking at the results of round two, where they proved of considerable value.

Each group's mean scores for desirability and feasibility were classified into a range and labelled (high, medium, mixed, low). The results were then compared. Emergent patterns were identified and categorized as set out in table 2 below.

The main emphasis of our analysis and presentation of results was, thus, to which of these five groups each of the 49 propositions should be allocated. The overall breakdown appears in table 2.

The principal finding of round one was that there existed a great degree of consensus about desirability of propositions; disagreements were about the practicality of implementing measures. We were thus able to use a tight definition of consensus. Items where substantial doubt was expressed about feasibility were eliminated. Thus we took as a basis for round two a basic level of agreement on 30 out of 49 propositions (62 per cent). The substantial degree of consensus became important to our consideration of how to proceed, as did the qualitative comments in round one.

Almost every respondent made qualitative comments, many with real passion and at length. Some made specific suggestions that could be converted into new propositions for round two, though most commentary did not lend itself to formulation as propositions. A point stressed by many respondents, mainly but not exclusively from local advice agencies, was that self-disconnection was only a symptom of an underlying problem of poverty, which could only be marginally ameliorated by electricity company policies. The project brief ruled out consideration of this wider context

TABLE 2 *Allocation of propositions to categories*

	number of responses	%
Category 1: desirability and feasibility high	18	37
Category 2: desirability high, feasibility high or medium	12	25
Category 3: desirability high, feasibility in dispute	10	20
Category 4: both desirability and feasibility in dispute	6	12
Category 5: both desirability and feasibility in severe dispute	3	6
Totals	49	100

*In dispute* meant that there was no clear consensus across the three groups.

*Severe dispute* meant that there was clear evidence of conflicting views.

but, for many respondents, the specific issue was inseparable from the general problem. Many comments which could not be converted into propositions for round two were matters of context or principle, for example the nature and scope of government regulation of privatized utilities or notions of consumer choice. These comments were summarized in the final report but inevitably carried less weight because they had not been quantified.

*Round two: design and implementation.* The main aim of the client was to identify propositions about which respondents could reach consensus, so round two concentrated on propositions deemed both desirable and feasible. Panellists were invited to prioritize the 30 measures in order to define a precise policy consensus. They were asked to specify the ten most likely to have a significant impact if implemented. In addition, the comments from round one were used to generate six new propositions on which, as before, respondents were requested to make judgements about desirability, feasibility and importance. The second questionnaire included a detailed breakdown of how each proposition had fared in the first round. We sought to identify the ten most favoured propositions, assessments of the six new questions and final comments.

*Round two: results.* The six new propositions were analysed in the same way as those in round one: means within and across the groups were calculated and the pattern of responses allocated to categories. Three of the six were rated very highly on desirability and feasibility. By using the importance scores, it was possible to show that they would have been in the top 30 propositions had they been in round one and a high priority in round two. The qualitative comments of the panellists from round one had, thus, directed our attention to possible measures, both viable and important, which would otherwise have eluded us.

Analysis was undertaken of the top ten nominations in the priority exercise, from the overall mean of the three groups' mean responses, enabling an overall ranking of the 30 propositions. The results became the core of our report. We were able to deliver in order of priority 30 measures which our interest groups had agreed to be feasible, desirable and important plus the three generated in the second round. The validity of our judgement was checked against the importance ranking given to each proposition in round one. There was evidence of slight changes of opinion but, generally, initial assessments of importance were in line with the eventual priorities. There could thus be confidence that the rank order represented a thorough consensus of the panel's views.

The one caveat was that there were significant differences between the sub-groups in the number and type of measures which they would prioritize. The areas of disagreement followed a pattern. Group A (the electricity supplier employees) favoured measures which could be most easily incorporated within established procedures and functions. Group B (local consumer groups) placed higher value on proposals that would have a direct

impact on levels of repayment, whether or not their implementation could be easily incorporated into existing procedures and functions. In general, respondents from both A and B groups attached more significance to proposals that would affect the approach to individual cases of self-disconnection than Group C (national experts). They attached most emphasis to the structure of service delivery. This may have reflected the fact that they were least involved with individual cases. Many of the written comments in round two consisted of detailed discussion of why, in general or on specific points, the respondents disagreed with the consensus from round one. Group B respondents especially suspected that their views had been opposed by Group A respondents and, so, eliminated from round two.

There were many comments on the whole Delphi exercise. The general view was that it had been well-designed and worthwhile but that ambiguities remained in the wording of propositions and in the definitions of judgements. The deadline for turn around was felt to be too tight. Many expressed an interest in what the next stage would be. In this case and generally with policy Delphis, a two-way flow of information between the researchers and the panel is key to success.

### Findings

The two rounds of Delphi consultations produced a clear consensus about which of the original propositions were most practicable for implementation. A further and equally strong consensus was evident about the priority of measures. The main objective of the exercise, to identify and detail such a consensus of views about policy responses to the problem of self-disconnection, had been achieved.

It is not the primary purpose of this article to review the content of the research project, but, it may be useful to discuss findings before considering the research process. This will assist the reader to understand the strengths and limitations of a Delphi that seeks to find consensus and enable policy.

The ten propositions listed below in rank order were the most favoured by the panel. Together with the one further proposition discussed below, they formed the core consensus sought by the client.

- (1) All customers being offered prepayment meters should have the right to a full and written explanation of the total cost, weekly charges, the level of calibration and the nature of the emergency credit facility.
- (2) All relevant staff should receive basic training in debt awareness with special emphasis on the sensitive recognition and recording of appropriate information.
- (3) The duty of local electricity suppliers to take account of ability to pay when considering rescheduling of debts should be clearly stated on all correspondence and literature related to methods of repayment.
- (4) Every area office of the local electricity supplier should have at least one member of staff fully trained in the needs and rights of low-income customers.

- (5) Tokens or units of recharging should be available in amounts of less than £5.
- (6) Assessment of the appropriateness of installing prepayment meters should take full account of the accessibility of sites for key charging or token purchase.
- (7) Local electricity suppliers should guarantee response times for dealing with faults in prepayment meters.
- (8) For those on low incomes, debt recovery rates should not normally exceed the weekly rate of £2.20 as used on the Fuel Direct scheme.
- (9) Calculation of the debt recovery period should be based on ability to pay rather than conventional practice.
- (10) Sites for the purchase of tokens or recharging of keys should be rapidly increased in number and geographical spread.

In addition one further proposition, identified in round one and introduced in round two, scored so highly on the assessment scale that it might have appeared in the top ten.

- (11) Each regional electricity company should have an approved manual of instructions for staff to follow when dealing with customers in financial difficulties.

There was a strong consensus across the panel about what ought to be done, with disagreement focusing on the practicality of implementation. This almost certainly reflected the entrenched advocacy of stakeholders. Panel members concerned with advising and supporting people in debt to the electricity companies (Sub-group B) wanted the companies to invest more in addressing the social problem of such debt whilst panel members employed by the electricity companies (Sub-group A) were more inclined to support propositions that had fewer expenditure implications for their employers.

Results demonstrate clearly the strengths and weakness of Delphi when the aim is primarily to find consensus. An advocacy group can hold an effective veto. It is the job of the researcher in such a case to ensure that consensus and dissensus are fully explained. Quoting from the final report (Cricher and Gladstone 1994, p 23):

On a topic which has generated heated controversy, it might appear that this research has found some middle ground. However, it would be remiss of us as researchers not to draw attention to a certain bias in the results . . . any sub-group which consistently cast doubt upon the feasibility of a proposition could effectively prevent its inclusion in the final prioritization exercise . . . what appears to be a high level of consensus might also be interpreted as the lowest common denominator of opinion. A middle ground of consensual opinion has been identified but this will not remove some of the contentious issues. But, then, the Delphi method is an aid to decision making and not a substitute for it.



Given that caveat, the strength and consistency of the consensus that emerged was remarkable. It reflected a number of factors: the quality of the original propositions; the likelihood of at least some of the proposals having been the object of considered judgement beforehand; and the ability of many respondents (demonstrated by their written comments) to appreciate the perspective of other interest groups. Such a consensus would not have been achieved in open meetings with such a heterogeneous panel (Caws 1991, pp. 375–91).

As this policy Delphi addresses an avowedly applied policy issue, the ultimate proof of its worth must be the response of the client to the findings. The Electricity Consumers' Committees' Chairmen's Group used the report to advise the Office of Electricity Regulation [OFFER] to notable effect. In 1995 OFFER published guidance to the regional electricity supply companies requiring them to adopt a Pre-payment Meter Customers Code of Practice based directly on the propositions identified as priority items by the Delphi panel (OFFER 1995). As a result, all the regional suppliers published codes in 1995 and early 1996 (for example, East Midlands Electricity 1996; London Electricity 1997).

A recent MORI poll of electricity customer attitudes revealed that 96 per cent of pre-paid meter customers were satisfied with their pre-payment system (MORI 1997, p. 57). This can be contrasted with the gas and water industries where no such codes have been adopted and pre-payment remains a highly contentious issue (Wigan MBC 1997; Constance 1997, pp. 20–21). Whilst preparing this article the authors received correspondence from the ECCCCG which stated:

To the extent that proper management of these systems (prepayment meters) has contributed to high satisfaction levels, we believe that the special Codes of Practice have been important. And we relied on the study you conducted in setting the services required in developing the Codes of Practice . . . It must be judged a most useful piece of research, and astonishing value for money! (ECCCCG correspondence, November 1997).

Whilst it does not follow that Delphi alone has protected the electricity industry from the same controversy, it cannot be doubted that Delphi helped enable the industry to avoid the conflict experienced in the other utility sectors and the process provides substantial evidence of the potential benefits of Delphi.

## CONCLUSIONS

Our experience provides useful pointers to those contemplating the use of a policy Delphi. Firstly, we deal with some of the technical issues involved in the application of Delphi. Secondly, we examine its appropriateness for informing policy makers. Finally, we suggest some important character-

istics of Delphi as a methodology which is open and accessible in its design, data analysis and presentation of results.

### Technical issues

1 *The preparatory phase.* It was important in gaining the participation of a suitable panel that our research was commissioned by a body of recognized status and that we had researched the issue in advance. Even so, there was still suspicion from some advocates about possible bias in the research and this should always be anticipated in policy Delphis. Also, there may be a reluctance to respond if the sponsors are not influential and the researchers appear uninformed.

2 *Panel selection and wastage.* We started with 67 potential participants, had 39 participate fully in round one and 33 in round two. This is in line with experience elsewhere. Users of Delphi should expect no more than half of any original list to be participating by round two. Our use of sub-panels caused difficulties in data analysis but did reflect the different kinds of interest and expertise of the panel as a whole. Clearly, Delphi panel selection needs both to maximize the range of participants and recognize their sub-group affiliations. We did not ask respondents to rate their own expertise on specific issues, since it was not clear how such information might have informed data analysis – except to make it more complicated. In other Delphi applications, variations in expertise might be a more salient issue.

3 *Questionnaire design.* Because of tight time constraints, we did not pre-test our questionnaires, though they were subject to rigorous scrutiny at meetings between the researchers and the sponsors. Piloting may be desirable but not essential. Our questionnaire invited open written comments at the end of each section which most respondents utilized. The balance between specific closed questions and invitations to provide more open-ended commentary may be crucial in any Delphi questionnaire design. It became evident in responses from panellists that our initial estimate of 45 minutes for completion of the questionnaire was too low, one drawback of having no proper pilot. We deliberately shortened the length of the second round, a strategy we would recommend.

4 *Judgement scales.* We followed Jillson's (1975) detailed model for the definitions of the five-point scales for desirability, feasibility and importance. Slight changes of wording were necessary but otherwise the formulations remained remarkable intact. Though some panellists quibbled about precise wording or the apparently marginal differences between points on each scale, there would seem to be room for replication of such scales for a wide range of policy issues. Our own experience suggests that feasibility and desirability are the key criteria, with importance used as a check on final recommendations.

5 *Analysis of results.* Having followed Jillson's scales, we also adopted her interval measurements. We converted arithmetic means into labels, ident-

ifying patterns of judgements across the groups and allocating them to master categories. We were, thus, able to rate propositions on the degree and the nature of consensus, to eliminate those about which there was most disagreement and to select the rest for prioritization in round two. We did not explore the nature of disagreements, though this was an option in Delphi studies. For policy Delphis especially, we advocate the development of alternatives to elaborate statistical manipulation for interpreting and presenting results on the grounds of validity and comprehensibility to all involved, though we recognize this causes problems of replicability.

*6 Progress through the rounds.* We found little evidence that panellists' opinions will alter over successive rounds in the light of opinion fed back. For this reason, we made round two different in kind, a development rather than a replication of round one. We also chose to develop rather than replicate the line of questioning. This option does not seem to have been exercised much in applications of Delphi but it is one worthy of serious consideration. We also concur with the experience of others (Gibson and Miller 1990; Mitchell 1992; Goldfisher 1992; McKnight *et al.* 1991) that two rounds of Delphi should be sufficient, at least where issues have been defined and generally recognized. Linstone and Turoff's advocacy of five or six rounds seems excessive.

It will be evident that we departed in many ways from what might be seen as a 'pure' Delphi. We used existing research to supplant a discovery and a verification stage (Guba and Lincoln 1989, p. 164). We did not pilot the questionnaire and developed alternatives to orthodox statistical procedures to analyse the data. We only conducted two rounds and used the second to develop rather than reiterate the concerns of round one. Provided that basic principles remain intact, it seems to us that such modifications are legitimate; indeed, the adaptability of Delphi to local conditions seems to us one of its great strengths as methodology.

### **The Delphi method in policy studies**

It was our experience that the Delphi method possesses many practical attributes. It is cheap, efficient and quick as a method of investigation. Any one or series of meetings, for example, might have produced less willingness to participate, greater expense and less likelihood of consensus. We were thus able to deliver on time and at modest cost a substantial review of opinion about which measures might help to ameliorate the problem of self-disconnection amongst customers of the electricity industry.

However, the ease with which we arrived at a consensus was in some ways misleading. It would be legitimate to argue that the revealed consensus was only the lowest common denominator amongst the interested parties. Because we adopted a quite stringent definition of consensus, any one of the three interest groups could effectively exercise a veto, if the members of that group consistently judged it negatively. It was also a difficulty that many views were either not amenable to conversion into propositions or

went beyond the bounds of the brief as defined by the sponsors. Nevertheless, Turoff's argument that a policy Delphi can at its best explore all the options, estimate their likely impact and evaluate their acceptability was validated in our study. However, our enthusiasm for the Delphi method does not merely rest on the efficiency with which it achieves its stated aims. The process may, in certain contexts, be as important as the product.

### **The policy Delphi as process**

Researchers of policy evaluation always stand as intermediaries between the sponsors of the process and the participants in it. Usually they can take the role of a conduit, simply passing on their results as privileged information to the sponsors and leaving it to them whether participants ever see the end results. Delphi pre-empts this exclusion through its emphasis on the continuous feed-back of results to the panel. This works for all but the last round, when the ultimate results may or may not be published by the sponsors. Thus the panellists are active agents in the development of the research process.

Relationships with sponsors can in the Delphi process also be more open than is usual in commissioned research. In our case, a close interest was taken in our activities at every stage. Almost all decisions were made effectively in direct consultation with the sponsors. In that sense the ownership of the research method was shared between researchers and sponsors.

All these factors drew our attention to a feature of Delphi which the literature seems to have ignored: its accessible nature. Where Delphi is genuinely a powerful method of surveying expert opinion for policy makers, the stress may well be on the accuracy and usefulness to sponsors of the (possibly confidential) end product. More than that, the use to which our report was put (the Code of Practice for Pre-payment Meter Customers) and the independent evidence from MORI of improved customer satisfaction since then represent the strongest possible evidence of the power to achieve positive policy ends despite the apparently incompatible views initially evident amongst stakeholders.

We would not go as far as to say that the method is entirely democratic, since the sponsors are ultimately in control. But it does involve recognition of the multiplicity of interests involved in social policy issues, the value of different kinds of front-line expertise and the desirability of proceeding on the basis of a consensus of informed opinion. Such ideas have been sadly lacking in the formulation of public policy in Britain in recent times.

### **APPENDIX: THE JUDGEMENT CARDS**

Reproduced below are examples of the judgement measures used for desirability/benefits. Space precludes full display. The importance and feasibility/practicality scales, not reproduced here, provided detailed specification of five points: very important, important, moderately important, unimportant and very unimportant.

## DESIRABILITY/BENEFITS SCALE

Scale reference	Definitions
1 Highly desirable	Will have a positive effect and little or no negative effect Social benefits will far outweigh economic costs Justifiable on its own merit Valued in and of itself
2 Desirable	Not shown
3 Neither desirable nor undesirable	Not shown
4 Undesirable	Not shown
5 Highly undesirable	Will have major negative effect Economic costs far outweigh any social benefit Not justifiable Extremely harmful in and of itself

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# THE NEW PUBLIC MANAGEMENT AND A NEW ACCOUNTABILITY

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There has long been a disparity between the practice and the neo-Diceyan doctrine of accountability in British central government. This article shows that the New Public Management (NPM), while not itself the root cause of such disparity, has nevertheless both exacerbated and further exposed existing fault-lines. This much is evident from an examination of NPM's theoretical bearings and from brief case studies of the Child Protection Agency and the Prison Service. Reflecting broad and deep-seated forces, the NPM is unlikely to disappear. Thus although there are certain attractions in retaining neo-Diceyan assumptions, it may be more appropriate to reconstruct the formal doctrine. Drawing upon Spiro's notion of 'multicentric' accountability and within the context of calls for wider constitutional reform, the article sketches the basis for a new doctrine, having regard to relevant moralities and practicalities.

## INTRODUCTION: THE ACCOUNTABILITY PROBLEM

Accountability is an old and tricky subject. It has been and is likely to remain a salient factor in the day-to-day conduct of government and in the efficacy of parliamentary democracy. The formal doctrine of accountability in British government remains in the shadow of A.V. Dicey (1959) and those writers who followed in his wake during the earlier and middle decades of the present century (Low 1914; Jennings 1966). Briefly stated it is that ministers are accountable to the public, via Parliament, for their own decisions and for the work of their departments; civil servants are accountable internally – and only internally – to their political chiefs. As embellished by Sir Ivor Jennings (1966, p. 149), the doctrine means that ministers cannot blame their civil servants when things go wrong because 'if the minister could blame the civil servant, then the civil servant would require the power to blame the minister.' Such, according to Jennings, would violate the impartiality and anonymity of the civil service, so undermining the authority of democratically elected ministers. And if ministers are impaired, so too is Parliament since it is through ministers that Parliament seeks to bring the executive to account.

Largely for these reasons successive governments have clung doggedly

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to the Diceyan and neo-Diceyan notion of accountability. For example the Major government reaffirmed that: 'it is Ministers who are accountable to Parliament for all that their Departments do, including the work of their executive agencies' (Cabinet Office 1994, para. 2.29). The *Civil Service Management Code*, derived from the 1985 Armstrong Memorandum, reflects the Ivor Jennings orthodoxy: 'the Civil Service . . . has no constitutional personality or responsibility separate from the duly constituted government of the day' (HM Treasury 1993, section 4, annex A, para. 3). The Osmotherly Rules have been redrafted but retain the injunction that: 'officials who give evidence to Select Committees do so on behalf of their Ministers and under their direction' (OPSS 1994, para. 38). Inasmuch as there is a judicial dimension it resides in *Carltona v. Min. of Works* ([1943] 2 ALL ER 560). Here the judge held that the minister was justified in delegating to a civil servant certain powers bestowed upon him (the minister). This ruling the judge reconciled with the traditional (Diceyan) doctrine in that the minister was subject to a direct and active accountability to Parliament, not only for the actions of civil servants but also for his own decision as to whom to delegate. But what if civil servants are now less anonymous – if the official machine has, by design or otherwise, assumed something of a constitutional 'personality'? What if ministers can and have blamed civil servants; and if, on occasion, civil servants have returned fire? What if the lines of accountability are unclear – or, more specifically, if, as has been claimed, the *Carltona* principles can no longer be taken for granted (Freedland 1996)? At the least it implies some impediment in the system and reason to think that the reality of accountability rests at (further) variance with the formal doctrine.

There is now quite widespread acknowledgement that the traditional notion of ministerial responsibility is itself no longer satisfactory and can no longer serve as the sole constitutional touchstone of accountability (Woodhouse 1994, p. 39; Tivey 1995; Pyper 1996). Accepting Sir Robin Butler's distinction between accountability (providing an answer) and responsibility (liability), Sir Richard Scott appeared to legitimize the splitting of the constitutional seam between ministers and officials when, at the end of his lengthy inquiry into the sale of arms to Iraq, he observed:

If ministers are to be excused blame and personal criticism on the basis of the absence of personal knowledge or involvement, the corollary ought to be an acceptance of the obligation to be forthcoming with information about the incident in question. Otherwise Parliament (and the public) will not be in a position to judge whether the absence of personal knowledge and involvement is fairly claimed or to judge *on whom responsibility for what has occurred ought to be placed* (Scott 1996a, vol. IV, k8. 16 – italics added).

This interpretation seems to imply that constitutional responsibility may be borne by officials as well as by ministers and that it is of some importance



publicly to establish exactly who has done what. It is a far cry from the Diceyan notion that everything should be treated *as if* it were the action of the minister. Yet in the absence of any explicit reformulation of doctrine it promises only further confusion. Lewis and Longley (1996, p. 503) claim that ministerial responsibility is 'a ruling fiction whereby ministers shelter behind civil servants and *vice versa*. Scott makes that official.'

It would be wrong to conclude that the departure of practice from doctrine is a recent phenomenon. Far from it. Sidney and Beatrice Webb (1920, p. 170) believed it to have been 'illusory as an instrument of democratic control.' That they reached this conclusion is perhaps not surprising. For in its emergence during the second half of the nineteenth century the doctrine of accountability served to meet a specific set of circumstances and was never set in stone as a comprehensive, integrated edifice (Birch 1964; Parris 1969; Woodhouse 1994). There have always been elements of ambiguity and confusion (Public Service Committee (PSC) 1996, para. 2). Further complications arise from the distinctions which have, quite properly, been made between explanatory, remedial, supervisory and sacrificial accountability (Marshall 1986; Turpin 1994). Much ink has been spilt over the latter – the loss of office, especially that of ministers. Over forty years ago Finer (1956, p. 393) observed that ministerial resignations had been 'rare, arbitrary and unpredictable.' His thesis has survived without serious challenge. Of course, even if necessary as a constitutional 'long-stop' ministerial resignations are probably not the most important aspect of accountability – certainly not in day-to-day terms (Turpin 1994; Scott 1996 b). But the Scott report and other *causes célèbres* have nevertheless highlighted ambiguities in other aspects of accountability – or rather exposed other senses in which the reality of accountability has come to depart from the formal doctrine. The report of the Public Service Committee (1996) was itself prompted by that of Sir Richard Scott into the sale of arms to Iraq; and by the dispute surrounding the sacking of Derek Lewis as head of the Prison Service (see below). It was stimulated also by a growing general unease about the system of accountability and, in particular, about the alleged shift in the emphasis of responsibility from ministers to officials. If disparities between the doctrine and the reality of accountability are of long standing they are now, arguably, greater in magnitude and more brutally exposed than in the past.

At the same time there emerged what has come to be known as the New Public Management (NPM). In Britain the NPM has been associated with a number of specific initiatives: the creation of Next Steps agencies; Management Information Systems for Ministers (MINIS); the Financial Management Initiative (FMI); the Citizen's Charter; the open government initiative; market testing and so forth. Its many appurtenances have included a greater emphasis on 'controlled delegation'; value for money (VFM) within specified cash limits; a stronger consumer or customer orientation; the formulation of business plans and agency agreements enshrined in formal con-

tracts; and decentralized cost centres, replete with performance targets and performance-related pay, implying the abandonment of central recruitment and common grading structures. The NPM has had its champions and its critics but, whether for good or ill, it is widely held to have heightened the challenge to traditional canons of public administration (Dunleavy and Hood 1994; Hughes 1994; Massey 1995; Pyper 1995). What is less clear is the precise extent and senses, if any, in which the NPM has itself exacerbated the disparity between the working reality and the formal doctrine of accountability. The next section therefore examines this issue, having regard to the theoretical underpinnings and the practical consequences of the NPM as highlighted in two of the more controversial executive agencies – the Child Protection Agency; and the Prison Service. The final section then demonstrates the need for a new doctrine or set of ground-rules, having regard to the wider context of proposals for constitutional reform. It confronts some of the moral, philosophical and practical issues, concluding with an outline for a new doctrine of accountability featuring different ‘zones’ of responsibility for ministers and officials.

## THE NPM AND ACCOUNTABILITY

It is necessary to examine the theoretical and more abstract underpinnings of the NPM in order to assess its implications for accountability. The following paragraphs therefore consider some of the broader perspectives with which NPM has been associated and their bearings upon accountability. The latter features brief case studies of the Child Protection Agency and the Prison Service.

### Theoretical bearings

The NPM has been associated, implicitly or explicitly, with a number of distinct approaches. Among the more obvious are: public choice theory; bureau-shaping; and deconstructionism, or post-modernism. These, as will be seen below, have sometimes been linked with other theories and models.

The public choice approach has received perhaps the widest attention as a theoretical underpinning. It is also the most contentious of the theories with which the NPM has been associated – partly because it is both explanatory and normative, at least in some of its numerous formulations (Lane 1993). Among the best known is that of Niskanen (1971) who postulates that vote-seeking politicians and budget maximizing officials typically coalesce to produce excessive government. Others have tilled a similar pitch (Tullock 1965, 1970; Buchanan *et al.* 1980). They evoke a utilitarian, self-seeking set of ‘rational’ calculations broadly consistent with ‘economic’ models of human behaviour (Downs 1957; Olson 1965). No less contentiously the public choice approach embraces a political agenda driven by a wish to free citizens from the alleged tyranny of public bureaucracy, to make politicians and civil servants more responsive to the public they are supposed to serve. Since politicians and civil servants are unlikely to

engage willingly in their own self-deprecation, the necessary momentum must come from some external stimulus – preferably by new forms and processes that will be difficult to reverse (Niskanen 1973, pp. 37–64). Such forms and processes are the stuff of the NPM which may to this extent be seen as part of the wider agenda by which certain public choice adherents have sought to place public bureaucracies under more immediate popular surveillance. At least in a loose sense, public choice assumptions are said to have inspired the Thatcherite and post-Thatcherite generation of politicians in the pursuit of policies designed to get a tighter grip on public bureaucracy (Greer 1994, pp. 15–17).

Diametrically opposed to the élitist idealism of Fabian socialism, the right wing connotations of this variety of public choice theory no less than its methodological individualism have been subject to attack. Among the fiercer critics are those who offer bureau-shaping as an alternative (Dunleavy 1991, pp. 174–248; Dowding 1995, pp. 52–107). A model rather than a theory, bureau-shaping posits a more complex pattern of interactive variables from which outcomes emerge. Neither bureaucrats nor politicians are given to simple, immediate ‘profit’-seeking calculations, though such dispositions may exist as one of a number of active ingredients. Equally importantly, though, officials – at least those in the more central or ‘strategic’ positions – may assume a sense of ownership. They need not have a personal interest but they may enjoy professional enhancement in steering through some of the changes by which the NPM has come to be recognized – for example the creation of executive agencies (Dunleavy 1989, p. 270).

In their different ways and however obliquely both public choice and bureau-shaping can be seen in parallel with another phenomenon coming from a different intellectual trajectory – debureaucratization. Here the theoretical underpinning is that of deconstructionism, or post-modernism. There is held to have been a more general shift from the relatively rigid, hierarchical, well-ordered routine associated with the heyday of the relatively ‘homogenized’ industrial society and towards the more fragmented, polycentric, fissiparous and often amorphous forms of the post-industrial age into which we are said to be entering (Fox and Miller 1995, pp. 42–6). On this reading classical Weberian bureaucracy, prevalent from the late nineteenth century, may have had its day (Dowding 1995). Of course, historically, central government in Britain always conformed less closely to the classical canon than did the state bureaucracies of certain other countries (Thomas 1978). But this does not deflect the thrust of the argument. Rhodes (1994) has talked about the ‘hollowing out’ of the state, manifest in privatization; the transfer of functions from government departments to agencies; the loss of functions to the European Union; and an attempt to limit the discretion of public servants, including the creation of a sharper distinction between politics and administration. Many of these characteristics are also the characteristics of the NPM.

It may be objected that to identify NPM with any particular theory or body of abstract ideas is to imply connections that do not exist – to seek explanations that are plausible and which give intellectual satisfaction but which are ultimately misplaced. Such objections, even if valid, miss the point. First, the theories need and are perhaps intended to do no more than highlight the broader context in which the NPM must be seen – or at any rate to show that there is a broader context. Second, NPM is a manifestation of deeper stirrings, not simply the whim of a particular government. Thus it has been seen as an international trend (Hood 1991, 1995), a strong indication that something significant has been happening. From this observation there emerges a third point: if the NPM poses new problems or if it simply magnifies existing formalities in the system of accountability then it must be taken seriously. It represents something wider and deeper and is unlikely to go away. But even this acknowledgement does not establish exactly what implications it has for accountability. To do so it is necessary to look at the sharp end: NPM in practice.

### **The Child Support Agency and the Prison Service**

Only a brief account of the Child Support Agency (CSA) is necessary here, the tribulations by which it was beset during its first two years having been amply documented elsewhere (Social Security Committee 1994; Committee of Public Accounts 1995; Select Committee on the Parliamentary Commissioner 1995). The CSA was established in April 1993. It had no direct antecedents, having been established by the Child Support Act, 1991. Its creation was an attempt to ensure that absent parents made adequate financial contribution to the education and subsistence of their children. It was part of the Major government's broader 'family values' agenda and, as such, was the focus for controversy from the start. Controversy was heightened by the fact that the CSA was to be an executive agency and that it was to be headed by a non-career civil servant, Ros Hepplewhite, former director of the mental health charity MIND. Hepplewhite flung herself into the task, relishing the opportunity to engage in public discussion, even on matters of policy – a far cry from the traditional mandarin anonymity. As the Child Support Act and the work of her agency came increasingly under fire it was Hepplewhite who dealt with most of the media questions, not the then minister Peter Lilley. In a BBC radio programme she claimed that it would be irresponsible to duck the issue should a discussion about operations shift into the area of policy. She told the programme presenter: 'What I can do is I can explain the thinking behind the policy, how it works in operational terms. I am willing to discuss with people what they consider their problems are in relation to certain aspects of that policy' (*Inside the New Civil Service*, BBC Radio 4, 20 January 1994). This greater openness was, she insisted, the way forward in the new civil service, a view endorsed in the same programme by the Head of the Home

Civil Service Sir Robin Butler and by the Minister William Waldegrave. Waldegrave said:

She should defend herself against accusations that she's doing badly and that's perfectly legitimate for her to do that ... if you have a doctrine which says that everything is the responsibility of the minister, which all common sense people know to be false, then you're really saying that the minister is in a wonderful position to say that nothing is his responsibility ... But when it comes to saying what the policy is, she must say – and this is the divide which we've sharpened I think – well that is what I've agreed to do, and here is the policy directive which instructs me to do it ... so you must ask the secretary of state about that (ibid).

Thus Hepplewhite continued to defend her corner amidst mounting personal abuse as the CSA became implicated not only in a policy that was controversial and far from straightforward but also in some highly publicized errors of execution. Unable to sustain the near constant media pressure, she resigned in September 1994 to be replaced by a career civil servant, Ann Chant.

The Prison Service also became an executive agency in April 1993. Initial controversy surrounded the appointment of its first Director-General, Derek Lewis. Brought in from outside the civil service, Lewis was appointed on a salary in excess of that enjoyed by senior officials in the Home Office, including the Permanent Under Secretary, with whom his formal relationship was to remain unclear. His appointment was undoubtedly at the initiative of the politicians, especially the then home secretary Kenneth Clarke – a fact which added further spice to the events that were to follow. The 'Lewis affair' and the problems of the Prison Service have stimulated a considerable literature (Cooper 1995; Barker 1996; Talbot 1996). Lewis has offered his own account and the relevant departmental Select Committee has drawn out some of the broader implications (Lewis 1997; Home Affairs Committee 1997).

Unlike the CSA, the Prison Service has a long history. Between 1877 and 1963 it had, under the Prison Commission, enjoyed a measure of autonomy from the Home Office. A succession of initiatives during the 1980s and early 1990s had sought to usher in a new regime, embracing policies to reduce overcrowding, improve sanitation and to introduce more 'modern' prison management. The latter included the formulation of key performance targets by which bonus payments were made to the Director-General. Against these targets the service performed reasonably well (Home Affairs Committee 1997, paras. 18 and 132). But public attention fixed upon the escape of high risk prisoners at Whitemoor (September 1994) and Parkhurst (January 1995). The ensuing Learmont inquiry reported in October 1995, criticizing the management of the prison system. Highly sensitive to the political fallout and with the government nursing a small parliamentary

majority, Michael Howard (Home Secretary from May 1993) duly sacked Derek Lewis. In so doing Howard accepted that he personally was responsible to Parliament for policy and also accountable (i.e. answerable) to it for the Prison Service. At the same time the agency framework document had placed upon Lewis a specific responsibility for operational matters – a point Howard had stressed earlier (H C Debs 1994/95, 6th series, vol. 252, col. 40). Howard thus held that the shortcomings identified by Learmont were indeed 'operational' and that he (Howard) had discharged his own obligations by addressing the House and in sacking Lewis. Contrariwise, Lewis claimed not only that he had met most of his performance targets but that failures had occurred largely in consequence of ministerial policies. For example, Howard had consciously allowed an increase in the total prison population, despite the lack of commensurate additional resources and, according to Lewis (1997, pp. 104–19), with due warning as to the likely outcome. If this account is true, then Lewis was made to bear the brunt for his minister. Having been sacked, Lewis took legal action, citing the targets set out in the framework document (and largely achieved) as evidence that he had delivered according to contract. A full public airing was averted only when the government agreed to an out of court settlement. Lewis's departure did not end the contretemps. During the early months of 1997 there arose further controversy over the 'premature' release of certain prisoners from a number of gaols. Lewis's successor, Richard Tilt (promoted from within), offered due public apology. Sitting alongside Tilt at the press conference Howard remained largely silent – a reversal of the answerability dimension of the traditional doctrine, though quite compatible with the Waldegrave interpretation.

A number of points arise from these case studies of the CSA and the Prison Service. First, Hepplewhite, Lewis and then Tilt became public figures, explaining and defending their actions. As noted above, this principle was endorsed by William Waldegrave. In so doing he was perhaps simply stating the present realities. Yet it is a fundamental departure from the traditional doctrine which insists that civil servants speak in public only on behalf of their ministers. Moreover, the Home Affairs Committee (1997, para. 120) said of the Prison Service that: '... the Agency's freedom to operate and the Director-General's freedom to speak openly in public, *otherwise than as the mouthpiece of ministers*, might in practice be over-restricted if full responsibility for every minor event or decision was liable to be laid at the Minister's doorstep' (*italics added*).

Second, both case studies highlight a genuine difficulty in the respective responsibilities of ministers and officials for policy and administration, especially where there has been palpable failure. In a sense, policy failure does not become evident other than at the operational level. Thus *if* the Child Support Act was seriously flawed or *if* the policies of the Home Secretary were fundamentally misguided then the ensuing deficiencies would find expression in the work of the CSA and in the Prison Service. Failure

can be the outcome when even the best-managed operational systems are set to the task of implementing bad or poorly conceived policies, just as mal-operation can make a monkey out of policies which might otherwise have succeeded. There is such a thing as defective policy as well as operational failure. Analytically there is a distinction, though 'pure' policy defects are usually more difficult to detect than 'pure' operational failures.

Third, agency framework documents normally specify the targets against which performance may be assessed. However, as the Public Service Committee noted, while these documents should therefore make it possible to apportion praise or blame as between ministers and civil servants, they have in practice 'done more than anything to reduce the coherence of the convention of ministerial responsibility' (PSC 1996, para. 89). This lack of coherence is largely due to the way things have been handled by ministers and the realities of the political world in which they operate. At the same time civil servants are exposed and held publicly accountable to an extent greater than in the past, yet cannot defend themselves without embarrassing their ministers. Normally they avoid embarrassing their ministers, though when they do (*pace* Lewis) the system cannot cope. Accountability is rendered increasingly obscure, the gap, or disparity, between doctrine and reality ever greater. To what extent and in what sense, then, can this increasing disparity be attributed to the NPM?

### **NPM and the accountability gap**

The CSA and the Prison Service are untypical of the vast majority of executive agencies which have operated with relatively little controversy. It could be said that the problems of accountability with which they have been associated are also untypical, even unreal. There is therefore a sense in which the 'accountability problem' with executive agencies could be solved simply by taking the CSA, the Prison Service and one or two others out of the equation, as it were. What would this mean? At its most extreme it could mean ending their agency status. Less dramatically it could involve withdrawing some of the freedoms and competencies accorded to their respective chief executives, including that of direct explanatory accountability. There has in fact been some such retraction in the Prison Service inasmuch as current home secretary Jack Straw has indicated that he and not the director-general will answer all *parliamentary* questions. He told the House: 'I regard it as essential that Ministers should answer personally to the House for what is done in our prisons and not leave the matter to their civil servants' (HC Debs. 19 May 1997 – *Weekly Hansard* no. 1754, col. 396). But to make such a statement is only to acknowledge that the full-blooded agency model with accountability along the lines of the Waldegrave interpretation is unsatisfactory when put to any real test. In other words the system, as presently understood, cannot cope with any new form of direct accountability for civil servants.

It is easy to misunderstand the implications of the above discussion and

to assume that the advent of executive agencies and the advance of the NPM generally are the causes of new problems with accountability. But, as noted above, the traditional doctrine has never been faithfully or exactly reflected in practice: it has always, in a sense, lived on a wing and a prayer. From time-to-time crises have arisen which have exposed the potential fault-lines and which have necessitated modification to certain of the working assumptions. Such were the consequences of the Crichton Down case of the 1950s and of the Vehicle and General affair of the early 1970s (Nicolson 1986; James 1972). What the NPM has done is to exacerbate and make more visible existing fault-lines in the system of accountability, particularly in connection with the relative spheres of responsibility for ministers and officials. It could, of course, be said that the NPM has strengthened traditional accountability. Innovations such as MINIS, FMI and other appurtenances of accountable management have given ministers potentially greater control over their departments – a central assumption in the traditional formulation of ministerial responsibility (Woodhouse 1994, pp. 34–5). The Carltona principles need not be abandoned; it may still be reasonable to hold ministers fully to account. Even the manifest loss of anonymity among officials need not destroy the traditional canons of accountability, so long as civil servants appear in public strictly on behalf of their ministers – at least where policy matters are concerned. But there are two problems here. First, whether it is reasonable to infer that civil servants should be publicly accountable in their own right for matters that are *not* policy – that is the day-to-day delivery of services, or ‘operations’. Second, what if the policy – operations distinction proves, for whatever reason, impossible to sustain?

It may be possible to reconcile traditional doctrine with the direct accountability of officials for certain, clearly specified aspects of work. The special responsibility of accounting officers for the regularity of expenditure is and is known to be at variance with the formal doctrine but has always been accommodated (Barberis 1996, pp. 62–7). The ability since the late 1980s to issue notes of reservation about value for money (VFM) as well as about the strict regularity of expenditure at once both broadens the role of the accounting officer while also implying that incumbents who do not issue such notes may later be held to account. The principle extends to the whole area of FMI, replete with targets against which officials may be brought publicly to account. It is difficult to deny that there has been a *de facto* shift of some sort in the relationships of officials with ministers and with Parliament.

Civil servants have been brought to account not only for day-to-day operational matters but also for issues of policy – mainly because it has been difficult to maintain the distinction between the two. At the same time greater openness and more finely tuned mechanisms for redress such as the Citizen’s Charter may enhance accountability at the micro-level but have brought only further confusion in terms of the respective spheres of



responsibility among ministers and officials. Government seems to acknowledge the need to formalize the direct accountability of civil servants in certain spheres, hence the Waldegrave interpretation noted above. Yet when pressed it shrinks from any broad reformulation of doctrine, relapsing into a reiteration of Diceyan or neo-Diceyan principles. There are a number of reasons for this. It may be politically expedient; it leaves undisturbed the related notion of parliamentary sovereignty; and it obviates the need to negotiate a number of tricky issues which inevitably arise in the course of any attempted reformulation (see below). But the NPM and the problems of accountability which it has served to highlight are unlikely to go away. Even if the NPM disappeared, an accountability gap would remain. The NPM is not the root cause of the disparity between doctrine and reality, so its withdrawal would not resolve the accountability problem. Moreover, the above analysis of the theoretical underpinnings of the NPM suggests broader and deeper factors at work. Even without the NPM these may have had and may yet have their manifestation in other forms: in this sense NPM may be seen merely as the 'handmaiden' of change.

### TOWARDS A NEW ACCOUNTABILITY

The manifest disparity between the doctrine and the reality of accountability is not in itself an argument for reform. In a country which has no unified written constitution and in which much rests upon convention, an element of 'play' or flexibility can be justified. As Marshall (1996, p. 33) has said with specific reference to ministerial resignations: 'the existence of a convention does not depend upon its effectiveness.' Of course a convention, precisely because it is a convention, is likely to wither if never observed in the act. On the other hand the doctrine of ministerial responsibility may provide a touchstone – a prescription as to what *should* happen (Judge 1993, p. 140), implying an attempt to bring the present reality into line with the neo-Diceyan assumptions of the formal doctrine. Even if such reconciliation were possible, though, it may no longer be appropriate. As we have seen, the traditional formulation was never quite cast in stone and always had its critics. It is not clear as to what 'ideal state' we should seek to return. Furthermore, to apply Diceyan or neo-Diceyan notions of accountability in anything like their pure form would mean the abandonment of much that is widely valued by way of recent developments in openness, accessibility and greater transparency.

If we choose not to accept the present disparity between doctrine and reality and if we prefer not to reshape present practice to the dictates of traditional doctrine, then there remains one further possibility: formulate a new doctrine which better fits and which provides an 'anchor' for the modern realities. This kind of reformulation cannot be done in a vacuum, as the likes of William Waldegrave tried to do but failed. Any reconstruction of doctrine or new set of ground-rules must take account of the broader constitutional context, including the movement for constitutional change.

It must also have regard to some of the moralities and, crucially, to the practicalities involved. Only then will it be possible to sketch the elements of a new accountability.

### **The constitutional context: the movement for reform**

The formal doctrine of ministerial responsibility rests upon the Diceyan notion of parliamentary sovereignty. Parliament, exclusively, on behalf of the people brings the executive to account. It does so through ministers, dealing with its own kind, as it were – that is, those who have been democratically elected. But, as Marquand (1993, p. 219) says, we live in a world in which such notions of absolute sovereignty have ‘ceased to chime with economic and social reality’ – an implication common to many of the post-modern or deconstructionist analyses outlined earlier. As Smith (1994, p. 137) puts it: ‘Post-modernism reveals a political system disorientated, deficient and out of sorts with itself.’ Renewal, he says, will depend upon a productive interaction between parliamentary and extra-parliamentary pressures, especially the latter.

It is within this broad context that there has developed over a long time but especially during the last decade a momentum for constitutional reform. Some think in terms of a comprehensive reconstruction of the body politic, replete with an integrated package of wide-ranging proposals (IPPR 1991). Others prefer or consider it more prudent to adopt a piecemeal approach, laying the emphasis upon one rather than another component of reform. Certain component elements of constitutional reform have a more immediate bearing than do others upon the issues of accountability examined in this article. Among the more pertinent are proposals for a written constitution which, according to Hazell (1993, p. 116), could place civil servants under allegiance to the constitution, not to the crown or to ministers. Any such reorientation of loyalties would at a stroke destroy the Armstrong Memorandum and the subsequent codes of conduct by which its principles have been fleshed out. But it would not obviate and indeed may well encourage further and more elaborate prescriptions for accountability.

Closely related are proposals which would give the legal system a greater role in the executive and administrative process. The call for a Bill of Rights assumes that ‘the protection of basic rights and freedoms cannot be left solely to law makers and civil servants’ (Lester 1993, p. 40). Sir Richard Scott (1996b) has floated the possibility (no more) that ministerial accountability be made justiciable. His reasoning is that if Parliament is unable to enforce and if ministers are unwilling to accept their obligations, then we must look to the courts, applying the force of statute. Likewise, Drewry and Oliver (1996) believe that a stronger system of administrative law would help to separate out different lines of accountability, rather than have everything subsumed within the indivisibility and ambiguity of ‘the crown’. On a rather different plane, a Freedom of Information Act is seen by most reformers as a necessary (if by no means sufficient) condition for

tackling secrecy and of facilitating public entrée into the workings of government. Until recently such proposals have been seen by ministers and officials as being incompatible with the Westminster system of ministerial accountability to Parliament. This incompatibility may be a feature of the Diceyan tradition, at least in its purest form; but not so of the European tradition towards which Britain is moving, inexorably if slowly and hesitantly (Prosser 1996).

Other dimensions of constitutional reform may have a less obvious bearing upon accountability in the sense under discussion here – electoral reform, devolution and reform of the House of Lords. Even here, though, there may be specific as well as more general connections. Tivey (1995) has suggested that the House of Lords shift the emphasis of its work towards executive scrutiny. Any such shift would, he says, bear upon the Parliament-government nexus and 'the flawed doctrine of ministerial responsibility, the "super-bottleneck" which ensures the concentration of government power' (p. 279). He goes on: 'If managers of (executive) agencies . . . are to be treated as responsible (ie. trustworthy) . . . then they should relate to a wider world than their parent department.' At the very least this broadening of horizons would mean a revision of the Osmotherly Rules, granting officials a measure of 'free agency'. Above all, the force of proposals for constitutional change is to restructure roles and relationships as between the various organs of state and, in so doing, to bring the executive under control through a more open, decentralized, disaggregated and essentially pluralistic system of accountable government (Lester 1995, p. 123). In any such system Diceyan notions of parliamentary sovereignty could not survive and the traditional doctrine of ministerial accountability would be rendered moribund.

It has been claimed that constitutional reform is a necessity if the managerial revolution is to yield the benefits intended (Bogdanor 1996, pp. 29–44). If so then one may doubt the wisdom of proposals for a new accountability in the absence of wider constitutional changes. To this injunction there are two counter-arguments. First, even without constitutional change there still remains the disparity between the doctrine and the reality of accountability. And second, some measure of constitutional reform is, as a matter of fact, now in the offing. A new document, the *Ministerial Code*, has replaced *Questions of Procedure for Ministers*. The European convention on Human Rights is to be incorporated into UK law, perhaps as a precursor to a Bill of Rights. Devolution is to go ahead in Scotland and Wales; and a White Paper on freedom of information is imminent. It is surely now the time to be formulating ground-rules for a new system of accountability.

### **Moralities and practicalities**

Accountability is a characteristic of liberal democracy – part of the broader system of checks and balances which are the bulwark against tyranny. As such, it is and perhaps should be irksome to those agents at whom it is

directed. There will be opportunity costs. More fundamentally, it may be held that highly developed *systems* of accountability negate the *spirit* or *morality* of accountability. To borrow from MacIntyre (1981, p. 2) we may possess the fragments and language of morality while losing our deeper comprehension. A concern with the formalities of accountability may well be a symptom though it is unlikely to be a cause of the kind of lost common morality suggested by MacIntyre. Certainly the mechanisms of accountability are no substitute for the ingrained morality of public virtue. Of course these mechanisms were never assumed to be a moral substitute, though there is an argument for stronger checks and balances where 'common understandings' can no longer be taken for granted. It is in fact a premise of liberal democracy that checks and balances be upheld even if there were nothing to be desired in public virtue. Morality, virtue and high standards of conduct are important; their absence or diminution will certainly impede and perhaps render futile even the most carefully conceived formal arrangements for accountability. But they do themselves constitute accountability, either with or without constitutional reform. Accountability is essentially about institutions, mechanisms and procedures set to work in a world of hard, practical realities.

Perhaps the two main practical issues in any reformulation of accountability concern the role of Parliament; and the relationship between ministers and civil servants. As we have seen, the Diceyan notion of parliamentary sovereignty remains at the centre of the traditional doctrine of accountability. As the sole law-making body within the UK, Parliament retains its sovereignty. Yet in other ways its sovereignty has been and will continue further to be compromised – not only in the legalistic sense by the EU and by Scottish (if not Welsh) devolution, but also in other ways by social, economic and political forces, not to mention the media. At the same time Parliament has been reluctant to recognize formally any other body as having an equivalent role, even though other institutions have a potential for certain aspects of accountability – for example the various ombudsmen; the National Audit Office; and the Citizen's Charter. With or without constitutional reform we need what Spiro (1969, pp. 83–110) calls a multicentric rather than a command model of accountability. By 'multicentric' he means accountability 'to different authorities, for different purposes, to different degrees and in terms of different, though mutually complementary standards' (p. 98).

To suggest that Parliament should consciously share the task of accountability is not to deny its centrality. Parliament does matter: it remains and ought to remain the hub of Britain's system of representative democracy. It would be a step in the wrong direction if, in response to its probings, ministers or civil servants were to get away with telling it to mind its own business. But this is no reason to deny a scrutiny role to other agents. The key is to establish a proper working relationship between Parliament and the extra-parliamentary institutions of accountability. There could be any

one and indeed a combination of three models: functional differentiation; appellate; and supervisory. *Functional differentiation* implies different institutions being involved in different, clearly demarcated aspects of accountability. At the same time, Parliament may wish to ascribe to itself an *appellate* role, operating as a court of appeal in areas of accountability where it did not have a front-line involvement. Alternatively, it may prefer a general *supervisory* or monitoring role, reserving the right to become involved in any aspect of accountability as well as maintaining a routine oversight of the entire system.

The respective responsibilities of ministers and civil servants presents a no less complex set of practical problems, unlikely to be eased by any of the wider reforms and perhaps brought into sharper focus by any proposal that officials should owe a loyalty to the constitution. In any case, whatever the Armstrong Memorandum may say, the civil service has been accorded some sort of 'personality'. Some of its members have been rendered publicly accountable, sacrificially or otherwise. It may be better to formalize the position than to retain the ambiguity. This attempt at formality implies a measure of 'free agency' for officials. It would be one way of resolving the Ivor Jennings point noted earlier – that is to grant civil servants such means of self-protection as would be appropriate to their being brought more directly to account for certain aspects of their work. Officials may, of course, become less sensitive to ministers' wishes if they thought that they could be held to account personally. They may at least wish to indemnify themselves with notes of reservation similar to those issued by accounting officers in matters of expenditure. Ministers may then find it more difficult to permeate their departments, the result being an impediment to representative democracy, if not also to good government. None of these outcomes is inevitable, though, and it may be no bad thing if it encouraged ministers to give more careful consideration when launching new initiatives.

Needless to say, any attempt to separate lines of accountability must recognize the need 'accurately to determine the scope of the authority to be delegated and (to uphold) the clarity and robustness of the limits so determined' (Giddings 1995, p. 223). This attempt to redefine spheres of accountability may not be easy and may be better left undone than done badly but is worth doing if done properly. If civil servants were to assume responsibility formally in certain, clearly specified areas or 'zones' of accountability then that which lay outside those zones would fall unambiguously upon ministers. This refinement need not diminish either ministers or the system of democratic representation. There is no 'zero-sum' game by which accountability for civil servants means less accountability for ministers. Unless the system of British government is to be turned upside down it is with ministers that the buck must finally stop. Theirs is and must remain a 'grade A' responsibility which includes total 'residual' accountability, some of which may however be borne directly by civil servants in the first instance – a 'grade B' responsibility. If spheres of (first

line) accountability were clearer it might be possible to *strengthen* ministerial responsibility.

### A new accountability

Bearing in mind what has already been said it is possible now to sketch the elements of a new accountability, shown diagrammatically in figure 1. Reading horizontally, the main components of accountability are set out under five headings: who is accountable; for what; to whom (or what); through what mechanisms; and with what kind of accountability outcome. For simplicity's sake only the two principal types of actor or 'accountee' are identified (that is, who is accountable): ministers and senior civil servants. Superimposed lines in fan-shape formation mark approximate zones of responsibility for each of the two groups.

It is important that figure 1 be taken as representing an artistic rather than a literal reality – a set of broad principles or ground-rules, rather than a detailed blueprint. Its purpose is to point a way forward, so stimulating discussion – not to present a fully comprehensive, finite prescription. The most important principles lie in the notion of disaggregating different dimensions of accountability and in the idea that civil servants rather than ministers assume a direct, first line responsibility for certain of these dimensions. What exactly should be the nature and scope of such responsibility is clearly a matter for debate. Importantly, though, figure 1 depicts some overlap in the areas of responsibility, showing solid lines for officials and dotted lines for ministers. The use of solid lines for civil servants implies a more bounded accountability with firmer parameters. By contrast, the dotted lines for ministers suggest a more open-ended or residual type of responsibility, embracing the civil service 'zone' as a second-line responsibility when the occasion demands. For example, senior civil servants often give testimony to select committees. In certain, carefully specified areas of their work they could do so in their own right, laying aside the notion that they are merely representing their ministers – as indeed accounting officers

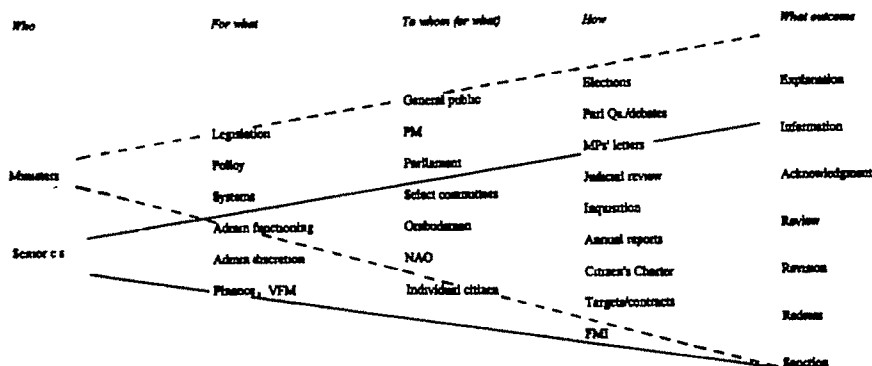


FIGURE 1 Synopsis of public accountability

already do. But should this first line routine fail to satisfy a Select Committee, then the minister must retain the prerogative and bear the obligation to step in, especially where questions of legislation, policy or the overall functioning of systems is involved. Matters such as value for money (VFM), financial probity, administrative discretion and broader matters of administrative functioning could fall within the officials' sphere of direct accountability, necessitating a fundamental redraft though not the total abandonment of the Osmotherly Rules. It would, in effect, mean the transposition into certain other areas of the kind of 'competencies' already discharged by accounting officers.

Not only in relation to Select Committees but also in extra-parliamentary forums it should be possible to mobilize a revised, more liberal Osmotherly regime – for example *vis-à-vis* the Ombudsman, the National Audit Office (NAO) and, in a different vein, through the Citizen's Charter and the process of judicial review. The implications are worth spelling out. They involve, above all, the abandonment of the Diceyan notion of parliamentary sovereignty, one of the grounds for initial opposition to the idea of an ombudsman. Of course, the central government ombudsman – or Parliamentary Commissioner for Administration – operates on behalf of and reports to Parliament. Similarly, the NAO works under the direction of the Comptroller and Auditor General who in turn reports to Parliament through the Committee of Public Accounts. With the Citizen's Charter and judicial review new principles come into play. The Citizen's Charter, for example, has a potential for accountability as yet almost entirely unexploited. But if there were to be a network of 'one-stop' charter centres – perhaps one for each local authority area – then it becomes possible to imagine a tangible and visible mechanism by which officials could be brought to account for a miscellany of day-to-day matters.

At another level there has in recent years been increasing recourse to judicial review, an acknowledgement of the reality of the courts and (in principle) of the system of tribunals as agents of accountability. This dimension of accountability is likely to gather in momentum as Britain integrates more fully into Europe, especially if certain of the proposals for constitutional reform are adopted. For example, it is the courts which will adjudicate should it be claimed that the executive (or anybody else) has violated the European Convention on Human Rights. In a society increasingly litigious and disputatious the courts and the system of administrative law should be accorded their due role within the broader vista of accountability. Thus the point of figure 1 is to show how different agents of accountability, working in different ways and through different channels can together bring into one reckoning the various types of accountability, or accountability outcomes – that is, to give explanation; to provide information, if only a simple acknowledgement; to review and, if necessary, to revise systems and procedures; to grant redress; or, in some cases, to impose sanctions. One such sanction is the loss of office at a general election. Figure 1

therefore identifies elections as an important if crude and indiscriminate means by which ministers, though not civil servants, remain accountable to the general public.

## CONCLUSIONS

The theme of this article is that the NPM, while not the root cause of the disparity between the doctrine and the reality of accountability, has nevertheless further exposed the accountability gap. It reflects something more deep seated than a succession of initiatives such as the FMI or Next Steps and will not go away. This contention is neither to endorse nor to assume the irreversibility of NPM in all its manifestations – for example performance-related pay and the abandonment of common grading. But the NPM has heightened the need to reconstruct the traditional doctrine of ministerial responsibility, allowing for some measure of direct accountability among civil servants. To such an end this article offers a sketch (no more), identifying some of the practical as well as the theoretical issues likely to come into play. Various permutations are possible. A milder version of the one offered in figure 1 could be achieved by substituting agency chief executives (ACEs) for senior civil servants, thus following the Public Service Committee (1996, para. 110) in recognizing that ACEs are already held to account to an extent and in certain senses ‘considerably in advance of the theory enshrined in the Osmotherly Rules.’ But this modification would not resolve confusion over the accountability of other senior officials. Given the wider movement for constitutional reform it may now be time to take stock. We need a high-powered body set to the task of constructing a new doctrine of accountability in British central government.

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# **PUBLIC SERVICES, QUANGOS AND WOMEN: A CONCERN FOR LOCAL GOVERNMENT**

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LIZ SPERLING

The past eighteen years have witnessed a shift in the locus of much public sector service provision from elected and heavily regulated local government to the more opaque, appointed sector of quasi-autonomous non-governmental organizations (QUANGOs). This shift has been the basis of much debate about the nature of democratic accountability and whether the users of public services are empowered by such decentralization. What has yet to be considered is how the displacement of local authority representation and service delivery may affect different groups of service users. This article is concerned with such issues in relation to women as consumers of public services who, from genuine political as well as expedient motivations, have been relatively well represented by local authorities. The concern here is that as decision making moves away from public view, the need to be seen to accommodate difference is lost, and representative diversity will suffer.

## **INTRODUCTION**

Since the 1980s, Britain has seen an inexorable fragmentation of the state, its institutions and functions. The exponents of the 'rolling back' of the state first, and most ardently, targeted local government as a source of unwieldy bureaucracy and politics without accountability. Thus compulsory competitive tendering, was introduced, various opt-outs from local authority control and a plethora of quasi-autonomous organizations to provide for better and more economic services, and to empower individual service users by making providers more accessible and accountable. However, for particular groups of service users, local government had proved unusually committed to representing and attempting to meet their needs. For example, in 1982 the first local government women's committee was established in London; and other local authorities following this lead thereafter. The establishment of women's initiatives in local government ensured at least some consideration of women's needs across a range of service areas. As a result of the fragmentation of local government, such co-ordinating initiatives may be lost and this could undo much of the work undertaken since the 1980s to ensure representation of women's service needs in decision-making and implementation processes.

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In 1993, William Waldegrave, then Chancellor to the Duchy of Lancaster and, as such, responsible for public appointments, described decentralization of decision making and implementation of public services as a 'democratic gain'. This response to a parliamentary question on the status of quangos referred to the relatively small number of organizations that are recognized by government under the banner of non-departmental public bodies (NDPB). These organizations perform executive or advisory functions on behalf of government while not being *of* government (Pliatzky 1992) and can be seen in the context of the Conservative government's commitment to individual citizens' rights, as smaller often locally based organizations take responsibility for service delivery, accessibility and responsiveness to consumers increases and the service deliverer thereby is rendered more accountable. The assertion that quangos provide a 'democratic gain' has been challenged on a number of fronts: with regard to the undemocratic selection of members of quangos; the lack of effective structures for scrutinizing quangos' memberships and performance; and the secrecy surrounding quangos which restricts access to information on the work, and membership, of quangos (Wright 1995; Holland 1981; Weir and Hall 1994; Wilson 1995). Thus the opacity of quangos compared to the elected echelons of the state is indicated. The concept of decentralization is also questioned by analysts as the direction of accountability, far from being traced to the consumer, can often be observed meandering towards government (Weir and Hall 1994, p. 13).

At local government level the responsibility for services such as training, local economic development and urban regeneration, schools, further and higher education, housing and policing has shifted to quangos. Other services, such as health and utilities, that left the purview of local government in earlier reorganizations have also been subjected to 'quangoization' in recent years, which impacts on local communities. They are thus relevant to the consideration of representation and quangos in the context of this article. The debate surrounding the shift in locus to quangos from local government has tended to revolve around the problems of local democracy and the democratic control of appointed boards (Stewart, Green and Hoggett 1995): However, an issue that has not been widely covered is how services are affected by moving responsibility from local government to non-elected, small quango fora. While the representation of 'disadvantaged' groups, such as women, ethnic minorities and disabled people, has been considered in terms of their numerical representation on quangos (Stewart, Green and Hoggett 1995, p. 40; Local Government Information Unit 1994; Outer Circle Policy Unit 1979; Wright 1995, p. 16), no consideration has been given to the relationship between this shift towards quangos and service delivery on behalf of these groups. Moreover, no work has been undertaken to compare the different relationships of local government and quangos to the communities they serve.

This article considers women's representation on quangos, using local

government as a model to infer a need for greater analysis and action to ensure better equitability in service delivery as responsibility for decision making and implementation moves to quangos. However, being based on the early stages of a continuing research project, including a small pilot survey, it offers only tentative suggestions for improvement and identifies further issues about political representation on quangos.

A major advance in public sector decision making resulting from the actions of women, particularly since the 1960s, has been the increased visibility of gender equality issues on institutional agendas and in organizational arrangements. Women's initiatives, such as women's committees and sub-groups, in local government provide examples of how many local authorities have acted, again in response to pressure from women. Thus, local government provides an example by which the results of gender specific initiatives can be measured, and whether the effects of increasing decentralization of service implementation to quangos endangers the progress made by local government on behalf of women service users.

#### **POLITICAL REPRESENTATION: BEYOND THE NUMBERS GAME**

Concern expressed about the underrepresentation of women on quangos has tended to concentrate on the proportionality of membership (Committee on Standards in Public Life 1995; Stewart, Greer and Hoggett 1995; Hunt 1995, p. 198). Thus, government instigated an initiative to increase the number of women on quangos from 23 per cent in 1991 to 28 per cent by 1993 (Wright 1995, p. 16), and targets for numerical representation on NHS trusts have been introduced (Stewart, Greer and Hoggett 1995, p. 42). However, representation is a more complex phenomenon than proportionality concedes.

Political, as opposed to simple numerical representation, presumes that different constituencies with distinct interests exist; these may require direct representation. These constituencies do not necessarily conform to party political memberships or support, or to electoral boundaries. Rather they are invested in individuals and groups of individuals, arising from their social and economic circumstances as well as life experiences. Issues of political representation, therefore, include what constitutes group interests, whether and how these can be represented in different types of organization, and what 'type' of representative is required to maximize service benefits for a particular group. Without an analysis of such issues, it may be possible to achieve numerical proportionality in decision making and implementation bodies without full political representation.

Extending this line of argument, it has always been accepted that women have distinct interests, but that these are concerned with issues connected with family responsibilities and are, therefore, not in the domain of politics or policy making (Okin 1980; Phillips 1993). If it were ever true that women's activities were confined to the family, that situation does not pertain now. However, women's presence in 'public life' does not imply hom-

ogeneity of interests with other public sphere actors, nor among women themselves. While it is true to say that all issues are women's issues, significant variations in women's and men's lives, and between women, result in policy impacting differently on them (Dahlerup 1987, p. 112). Thus, women's policy perspectives and requirements, arising from their concentration in lower-paid, low-status and insecure employment as well as the double, and sometimes triple, burden they carry of employment, training and domestic duties, often differ from what is considered by generic policy positions.

The numerical equalization by gender on decision making and implementation fora may be a prerequisite to solving issues of women's political representation, but it is not necessarily sufficient. As Button (1985, p. 19) argues, 'regardless of gender it is reasonable to assume that the person who takes a very parochial view of his or her role will be unlikely to pursue innovative policies for new client groups'. Moreover, being a woman does not imbue 'gender consciousness' (Tolleson Rinehart 1992, pp. 14 and 32), nor guarantee political representation of women's interests. Rather, research has demonstrated that feminism is a criterion of change towards including a gender perspective in policy and organizational arrangements (Button 1985; Ashworth 1992). Of course, the same limitations on representation apply to feminists, in that one woman's feminism does not embrace the experience of all women. Thus, women's political representation implies that decision-making fora accommodate women from diverse backgrounds. This condition is difficult to accommodate in large assemblies such as local authorities and Parliament but it is not feasible in the smaller arenas of individual quangos.

According to Tolleson Rinehart (1992, p. 167), 'gender consciousness makes political women, women who seek to represent not only themselves but their views of what is good and just for all'. While it can be said that male representatives have been presenting their views of 'what is good and just for all' for centuries, gender consciousness, in both women and men, provides the basis for a broader and more inclusive experience on which to base policy decisions. This concept, if utilized in procedures of recruitment to decision-making bodies, would not absolve selectors of the responsibility for ensuring gender equitability on decision-making bodies. A political appointee claiming 'gender consciousness' is not a substitute for a feminist woman as a representative of women's policy needs. However, it would alleviate the problem of strict numerical proportionality on small decision-making bodies.

## **WOMEN'S REPRESENTATION ON QUANGOS**

### **A hidden problem**

The definition of quangos while not necessarily directly relevant to representation, sets the parameters for debate to some extent. Officially NDPBs and NHS trusts are acknowledged, if not formally referred to, as quangos

(Cabinet Office and Office of Public Service and Science 1994; Pliatzky 1992; Hunt 1995). By this definition, in 1993, there were 1,389 quangos (House of Commons Debates 1993), and this figure was set to be reduced (Norton-Taylor 1995; House of Commons Debates 1993). The official definition of quangos has been challenged by considering all bodies that have assumed responsibility for services previously provided by 'formal' public sector institutions. Thus, Hall and Weir (1996 p. 5) demonstrate the existence of 5,750 quangos, 4,653 of which are not recognized as quangos by government. The reason for this lack of acknowledgement is that many organizations, such as the training and enterprise councils (TECs), have been established as private companies, while others, like grant-maintained schools and housing associations, are designated to the voluntary or charitable sectors and are 'not part of the public sector' (Weir 1995, p. 307; Hunt 1995, p. 194). Indeed, Hunt (1995 p. 195), employing the concept of 'democratic gain', states that it is unfair to define such bodies as quangos when their purpose is to devolve power to service users and local managers.

As this article is concerned with the effects of moving responsibility for public services away from local government, and how this impacts on the political representation of women, the broader definition of quangos will be used. Moreover, while not implying that local government 'arms-length' and contractual partnerships are analogous to quangos, some issues of the representation of women are common to both relationships. For example, recent research has demonstrated that women workers have been disproportionately disadvantaged by the introduction of compulsory competitive tendering (CCT) (EOC 1995). As women's employment has fallen by 12 per cent more than men's, and women's hours of work are falling more rapidly than their male colleagues', an important channel of representation may have been lost. One of the principles of equal opportunities is that a representative workforce is more likely to deliver equitable services through proximity to, and understanding of, the communities it serves. If fewer women are available to observe women's needs in the community and communicate these to managers, and thus to decision makers, it is possible that services to diverse groups of women will suffer. Thus, while excluding CCT arrangements and other partnerships from the quango definition, they should not be excluded from the analysis of the relationship between decision-making and implementation bodies and issues of women's political representation.

### **Women and quango membership**

While no comprehensive statistics are available to show women's representation in quangos, figures are available for officially recognized and some of the larger unacknowledged quangos. These indicate that women are well integrated into quango memberships. In 1993, women were 30 per cent of quango appointees (Women's National Commission 1995, p. ii), which compares favourably with local government's approximate 25 per cent ratio

of women councillors (Lovenduski and Norris 1993, p. 44). However, on major quangos that have supplanted local government in certain areas of service provision, the proportion of women members, while variable, is still unfavourable. For example, in 1993 women were 20 per cent of urban development council (UDC) (LGIU 1994) members and one-third of committee members of housing associations (LGIU 1995b). As the Local Government Information Unit (LGIU 1994) argues, this is 'far short of a position of equality'. Moreover, in the higher decision-making centres of quangos, the presence of women becomes less visible. Thus, there are no women chairs of UDCs, 80 per cent of housing associations are chaired by able-bodied, white men, 11.9 per cent of TEC directors and only 2 per cent of TEC Chairs are women (LGIU 1994 and 1995b).

Overall, it would appear that women's underrepresentation on decision-making bodies has been partially surmounted in the quango sector. However, continuing the argument that equality does not rest on proportionality alone, while women's membership of quangos appears bounteous compared to their presence in elected assemblies, they are not necessarily representative. For example, Wright (1995, p. 16) suggests that the solution to the shortfall in numbers of women on quangos between 1991 and 1993 was accomplished by the appointment of wives of Conservative MPs and women prominent in the Conservative Party.

Although various channels of selection exist in the quango appointments process, ministerial patronage and 'word of mouth' recommendations appear to be the main routes to selection (Stewart, Greer and Hogggett 1995, p. 27; Davies and Skelcher 1995, p. 3). The effect is to fill quangos with supporters of the party of government (Committee on Standards in Public Life 1995, p. 70; Wright 1995, p. 6; Holland 1981, p. 27) and to limit the recruitment base to individuals known to quango members and ministers. Moreover, the tendency to reward serving quango members with appointments to more than one quango restricts the number of vacancies available for 'new blood' (Committee on Standards in Public Life 1995, p. 53; Outer Circle Policy Unit 1979, p. 75).

For women, patronage has a double-edged blade. It has certainly been used effectively to increase the proportion of quango appointments made to women. However, Ashworth (1992, p. 32) considers how patronage acts as a deterrent to independence of action for women who may have feminist sympathies, by appealing to their responsibility to the Party and, where applicable, to their husband's political careers. Moreover, if the selection process was broadened to establish a wider recruitment base, the relative scarcity of women in senior positions in organizations from where nominees to quangos are likely to be situated makes the selection of women from diverse backgrounds and with challenging ideas improbable.



## WOMEN'S REPRESENTATION IN LOCAL GOVERNMENT

### **Women's initiatives and gender visibility in local government**

Whilst using local government as an exemplar for women's political representation in public service provision, the model is not the ultimate in representative democracy. In the UK, local government may perhaps be best described as a least worst model of representation as far as women service users are concerned. Thus, Button (1985, p. 13) notes that women, despite a disproportionate level of power in the structures of local government, have a certain amount of influence in its decision-making processes, but that this potency has not been afforded women either generously or, in many cases, willingly.

Attitudes towards, and reasons for, establishing women's initiatives, such as Women's Committees, sub-committees, working groups of departmental committees on gender specific issues and other policy networks, obviously determine the level of effectiveness they can be expected to achieve. In this respect, Halford (1989, p. 29) distinguishes between 'deliberate ineffectiveness' and the 'inability to be effective'. Deliberate ineffectiveness is a tokenistic gesture made by a local authority in establishing a women's initiative, designed to demonstrate a veneer of commitment to accommodating women's demands whilst maintaining the status quo. On the other hand, the inability to be effective is an outcome of over ambition: trying to do too much, too quickly and with too few resources. The lack of success in such cases may be used to demonstrate the inadvisability of maintaining the initiative or of setting up others. Thus, Riley (1990, p. 67) argues the need for local authority women's initiatives to develop realistic expectations within reasonable timescales, both long and short term.

Of course, the underlying purpose of establishing women's initiatives cannot be separated from the practical objectives of their development when considering the support that they may expect. Here, Riley (1990, p. 54) differentiates between 'equality of outcome' and 'equal opportunities' aspirations of initiatives. Policies aimed to achieve equality of opportunity are less disruptive of local authority structures and processes and are, therefore, more apt to gain support. Women and other underrepresented groups can be made to 'fit in' to existing structures. However, emphasis on the equality of outcome of policy challenges the organizational aspects of local government and is, consequently, less likely to attract wholehearted support from people whose positions will be contested by implementation.

Whatever the intention of establishing women's initiatives in local government, certain structural inflexibilities proscribe fundamental change. Perhaps the most obvious, all-embracing, and yet most contested, concept that prevents greater accomplishment by and on behalf of women is patriarchy. As Halford (1989, p. 30) argues, if the state is patriarchal, why should women expect it to change in a way that challenges patriarchal practices? Thus it should be no surprise when only tokenistic gestures towards

women's representation are made. However, the significant role of men in facilitating structures to accommodate the demands of women cannot be ignored (Button 1985, p. 17). Thus, in Halford's (1989, p. 15) study over 80 per cent of women's initiatives were instituted where women comprised more than 15 per cent of councillors, and 37 per cent of these initiatives were full women's committees. The obvious corollary from such statistics is that women's initiatives will not be instituted without more general support in local authorities. While for some men supporting women's initiatives may be perceived simply as politically astute, for others a commitment to equal opportunities and equality of policy outcome is an essential part of their support of underrepresented groups.

While the support of local government managers and politicians is acknowledged as a prerequisite for the establishment of successful women's initiatives, it appears more likely that initiatives will face hostility from these groups (Riley 1990, p. 54). Button (1985, p. 15) demonstrates that in accepting the relevance of women's demands, local authority members have resorted to the use of covert sexism to maintain control of policy processes and outcomes. For example, women's caucus meetings at conferences may be timetabled against other important business sessions, or women chairing meetings may be undermined by men with greater experience of local authority business and more confidence in asserting their views. In each case, where women present an atypical aspect, either just by being female or in their contributions to meetings, they may have to take time, otherwise required for policy discussion, to explain and censure covert sexism and establish their right to contribute as they see fit (Button 1985, p. 15; Van Nostrand 1993). In addition, Riley's (1990, p. 54) research demonstrates that local government managers, lacking information on gender aspects of policy implementation in service delivery and employment practices, often resent and resist intervention by women's initiatives to ameliorate this situation.

The electoral process also plays its part in determining the level of support that women's initiatives in local government can assume. A tension exists for local authorities between the need to be seen to act effectively on behalf of disadvantaged groups, and for political parties to avoid issues of conflict and present a united front to the electorate. As recent policy decisions in the Labour Party demonstrate, 'radical' policies undertaken to redress the underrepresentation of women can be emotive and divisive. In local government, where underrepresentation of women is not a new issue, leading parties are adroit in being seen to promote some 'progressive' women's policies while effectively ensuring the maintenance of the status quo.

Similarly, the political profile of a local authority may determine whether women's initiatives are instituted. Research by Halford (1989, p. 14) and Bottomley (1990, p. 39) demonstrates that most initiatives are developed in Labour-controlled authorities, although not all Labour-controlled auth-

orities have women's initiatives. Rather, urban and marginal Labour authorities are more liable to support underrepresented groups and women's initiatives. Indeed, Labour's stability is a hindrance to new initiatives, possibly as a function of a winning formula, and also because stable authorities have a lower turnover of councillors and, therefore, fewer innovative contributions introduced. Women's initiatives are also susceptible to political change. Changes in political leadership can result in women's units and committees being converted to, or merged with, general equal opportunities units (Bottomley 1990, p. 39), thus removing the specific focus from gender policy and invoking competition with other disadvantaged groups.

Generally, women's initiatives present a dilemma to local authorities. Whether it is accepted or not that women have distinct interests that need accommodating in the work of local government, the prevailing visibility of women and their demands on policy agendas requires local authorities to acknowledge them. However, whatever arrangements are made, they have to be offset against the desire to conserve the existing balance of power, institutional procedures, structures and conventions of local government. Whether women's initiatives are established sincerely or as a tokenistic symbol, they provide a channel of representation through which women can pressurize those responsible for resources to implement woman-friendly policies (Button 1985, p. 82).

### **The effects of women's initiatives in local government**

The effects of women's initiatives in local government are not universal or uniform. While many local authorities have equal opportunities policies, relatively few have established designated women's initiatives. The impact that women's initiatives have made on local government, therefore, is not quantified here. Rather, the article presents a general exploration of how they have been used to achieve more appropriate representation of women's service, and associated employment.

The work of local government women's initiatives is extensive, including both internal employment, and community policy and resource allocation issues. The demands of women generally have made them visible in terms of their physical presence, or absence, in policy and implementation processes, and regarding their policy requirements. Local government women's initiatives have been able to strengthen this visibility and representation in the work of individual authorities. Goss (1984, p. 119) notes that the early initiatives instituted in London authorities explored barriers to women's access to, and progress through, local authorities, supported campaigns on home working, low pay, paternity leave and job sharing, developed codes of practice for employers, and also contributed to policy processes on transport, welfare and childcare. Riley's (1990, p. 62) research describes how women's initiatives provide a forum for women, from various communities and consumer groups, and from the authority, to discuss relevant issues, many of which were not previously on the policy agenda,

and to provide detailed recommendations to councils on gender equality and effective scrutiny of policy. Moreover, Riley (1990, p. 63) notes how women's initiatives can challenge professionalism by requiring 'experts' in all service disciplines to account for their 'limited understanding of women's needs and interests and their failure to change council policies and practices to meet these needs'.

While the scope of women's initiatives is inclusive across the policy specialisms, it appears that, for various reasons already described, the greatest concentration of work has been concerned with internal employment issues (Halford 1989). Women incorporate the large majority of local authority workers, although they tend to be concentrated in low-paid, part-time and vulnerable positions, usually in departments and jobs traditionally associated with women's caring, servicing function. Thus, the training of women, and of other employees and managers, to change attitudes towards women and to break the familiar pattern of women's work and progression patterns is important. Moreover, the issue of internal employment policies and practices may have beneficial repercussions for women consumers of public services. A proportionately representative workforce will be more efficient and effective in service delivery across the communities it serves.

As well as legitimizing gender issues within the policy process and improving working conditions for women in local government, women's initiatives have improved representative methods and working practices. For example, co-optees to women's committees, representing a range of women's groups in the communities served, ensure that diverse issues are considered and addressed fully (Hunt undated, p. 12; Halford 1989, p. 32). Other initiatives prefer to develop inclusive consultative practices to pursue the views of women in the community. Thus women's initiatives attempt to create accessible channels to influence policy by challenging the hierarchical working practices of local government perceived as inhibiting women's greater participation (Iannello 1992). Women's initiatives have also been instrumental in breaking through departmental barriers and encouraging departments to work together on projects. For example, developing holistic childcare policies and financial strategies for women and ethnic minority projects (Riley 1990, p. 63).

Of course, the initiatives themselves work within the traditional structures and methods of local government. However, Riley (1990, p. 63) claims that some of the ideas introduced by women's initiatives, such as holding open sessions and the provision of childcare allowances to enable members of the public to attend meetings, were adopted by other committees in the authorities she studied.

One of the problems of women's initiatives is that, owing to their relatively recent and sparse development, together with the magnitude of the work required to achieve proper representation of women, their successes may appear limited. Indeed, small achievements may be identified as tokens granted to women as a form of appeasement (Halford 1985, p. 30).

Moreover, Page (1992, p. 41) notes how committed female representatives, being thwarted in their efforts by resource and political constraints, may be perceived as betraying both the principles of equal opportunities and individuals' expectations. Thus, distrust is precipitated between junior and senior officers, officers and councillors and between women in the community and those in local authorities. However, Halford (1985, p. 30) suggests that criticism of the endeavours and outcomes of women's initiatives are rarely, if ever, total and that even tokenistic improvements furnish progress.

## WOMEN AND QUANGOS

It is evident that while local authorities have succeeded in increasing representation of women within a broad definition of the concept, they have often done so without being completely committed to the cause. The relative transparency of local government, whether through the electoral system which demands the appearance of equitability or attempts at such, or through the requirements on local authorities to make information available and admit the public to meetings, may be partially responsible for the achievements so far. Whether feminists and their supporters working in less transparent arenas can influence organizational and policy arrangements to the extent that they have in local government is not easy to assess. Herein lies the potential for quangos to undo much of the good work undertaken by various local authorities on behalf of women, and other underrepresented groups.

Quangos are not elected and have no requirement to demonstrate 'fairness' in the political or gender balance of their memberships, beyond edicts from government to appoint more women. This argument may be somewhat flawed as local government elections have never returned a 'fair' number of women councillors. There is no reason to think that elections to quangos would result in a more representative membership profile in terms of gender, although a more balanced party political profile may be achieved. As shown in the local government model, numeric representation is only one step in the process of ensuring that decision making is inclusive of women's needs and perspectives. Other methods of putting these issues on organizations' agendas have been utilized, and it is these means that need focus.

Unlike the arrangements in local government, there is little requirement for quangos to open their proceedings to public scrutiny. Certainly, NDPBs are more likely to be required to publish annual reports, open their meetings to the public, and be subject to audit and to investigation by an ombudsman. Indeed, NHS quangos appear more stringently regulated in this respect than other officially recognized quangos. However, Hall and Weir (1996, p. 9) demonstrate that, with the exception of NHS quangos, many NDPBs fall through the net of such accountability measures. Not surprisingly then, non-recognized quangos are more likely to avoid even

the minimum requirements to ensure accessibility and accountability. Without knowledge of such things as the cycle of decision making, agenda items and the information being used to inform decisions, citizens in general are deprived of the ability to influence quango members. 'Closed' meetings further deny the right to participate in decisions affecting services, users' access to and needs for services. Of course, some quangos do hold public meetings, either as legislative requirements, as in the case of the police authorities, or as a voluntary concession to democratic process. Thus, Hall and Weir (1996, p. 10) note that in 1996, a total of 11 per cent of quangos were required to hold public meetings, 33 per cent to make minutes and 35 per cent agendas available to the public. In only 3 per cent of cases did the public have a right to attend board or committee meetings.

Without access to information about the decision-making process in quangos, representativeness becomes a function of a small group of members' and officers' assessments. Of course this process is not arbitrary or ill-informed. But where and how information is gathered may well be quite arbitrary. As a preliminary step in investigating quangos' sources of information, including whether and how they incorporate women's representations, I carried out a small postal survey of 400 quangos (response rate 35 per cent,  $n=141$ ) during the summer of 1996. The most common sources of information used by quango boards were their own expert members (93 per cent), the central government department to which the quangos belonged (95 per cent), and quangos' chief executives (89 per cent). All except the UDCs also gathered information from such sources as professional associations, voluntary sector and community groups, whether through meetings or by accepting written or personal representations from groups' representatives (between 44 per cent and 61 per cent). From this profile it can be argued that most of the information on which quangos' decisions are based comes from within the organizational frameworks in which they operate. In turn, this could indicate a relatively 'closed' decision-making process with limited potential for wider participation. When asked specifically about women's representation and how women's service needs are encompassed in the work of quangos, 46 per cent of respondents said that they contacted women's groups in the community, 37 per cent in the voluntary sector and 28 per cent in service provider organizations. Only 14 per cent contacted women's groups in local government, thus excluding much service and community specific knowledge gathered by women's initiatives. Of the quangos stating an interest in 'women's issues', the majority were NHS organizations in which there are clearly aspects of clinical service provision, such as treatment of breast cancer and obstetrics, that relate to women, some of which were illustrated in response to a question about issues pertaining to women service users. Again, this contrasts quite clearly with how local authority women's initiatives broadened the scope of 'women's issues' in internal organizational and service-related decision making discussed previously.

Whether representations from women's and other groups is different from that of local government requires further research, currently underway. However, studies already undertaken (LGIU 1995a; Hall and Weir 1996) suggest that more difficulties were encountered in investigating and contacting quangos, and finding out who quango members are, than previously when contacting local authorities. Moreover, the nature of the contact with various consumer, professional and other organizations is indicative of an end-product approach: that service users can comment on the services received rather than attempt influence at the developmental stages. Thus, Stewart, Greer and Hoggett (1995, p. 32) state that 'generally the dominant model of consultation is the consumerist approach', for example, customer surveys. Again, in my research, NHS trust quangos displayed a far more pro-active approach to consultation, conducting dialogues with specialist groups such as the Alzheimer's Association and holding public meetings, although the majority of contact was with purchaser associations and healthcare professionals. Of course, quangos of the two latter groups will also accommodate representations from a variety of relevant organizations and individuals. However, the picture appears to demonstrate more indirect representation through 'intermediary' organizations as well as a far more fragmented and less coherent framework. Generally, it appears that women and other under-represented groups are having to rely increasingly, once again, on whether the people responsible for the decisions affecting services understand or even acknowledge any specific needs pertaining to them as a group. In my survey, few respondents acknowledged needs other than the most obvious, for example childcare and gendered health needs. No respondents referred, for example, to women's financial needs in meeting service requirements or the safety aspects of certain service provision. Moreover, in only 21 per cent of quangos are equality issues considered explicitly in relation to all policy decisions. Forty per cent of respondents discuss such issues when these are brought to their attention, thus leaving women service users dependant on the hope that someone involved in the decision-making process will have some idea of their requirements. It would appear that without more open access to quangos it is unlikely that anything other than obvious equality needs will be addressed, if indeed even these reach the agenda.

### LESSONS FOR LOCAL GOVERNMENT AND QUANGOS

In the absence of a plausible excuse for, or the hope of, introducing an electoral system to the quango state in an attempt to ensure continuation of the representative work undertaken in local government, other means of holding quangos to account specifically on behalf of women service users need to be explored. These need to go beyond the generic solutions presented by for example, the Committee on Standards in Public Life (1995) and the Local Government Information Unit (1995a). Generic solutions ignore the potential for difference and how this pertains to service needs.

As Phillips (1993, p. 78) notes 'it is a slippery slope from saying that [these] differences should not count, towards saying that they don't even matter'.

The LGIU (1995a) has suggested a number of ways in which local authorities can establish, or maintain, working relationships with quangos, and influence and monitor their work thus improving quangos' representative nature and accountability. Differing relationships between local authorities and individual quangos will provide varying conditions in which the former can ensure that public services are inclusive of women's needs. The restrictive number of decision-making positions offered by quangos, together with relatively 'closed' access to such positions, requires local government to consider innovative methods of ensuring inclusive representation. Indeed, the recommendations of the Committee on Standards in Public Life (1995) on improving the selection process to quangos does not leave local government much scope to challenge the membership profile and, thus, influence the decision-making process: the majority of members of quangos are not selected from local government. Local authorities may be able to co-opt members to quangos, or, like other organizations, advance nominations for consideration in the selection process (Stewart, Greer and Hoggett 1995, p. 12; Hunt 1995, p. 198). However, ultimately, relatively few appointees will be sustaining a local authority agenda. This contraction of local authority representation may well have a negative effect on consideration of gender aspects of policy and implementation processes.

Perhaps the greatest effect that local authorities can have on the work of quangos is to hold them to account by scrutinizing their appointments, methods of working, and by evaluating their performance. The LGIU (1995b), commenting on the implementation of the Standards Committee's recommendations, proposes certain strategies available to local authorities in these areas. For example, it has been accepted that quango recruitment procedures should include the development and use of job specifications for potential appointees. Such measures could lead to more meritocratic selection to quangos, although formal recruitment procedures have done little to break the glass ceiling in other spheres. The LGIU (1995b, p. 2) advises local authorities that they 'might want to' consider specifying, among other things, whether the quango encourages people from under-represented groups to apply. The LGIU (1995b, p. 3) also suggests that local authorities compare future codes of conduct for quango members, and the comprehensive legal framework being developed to ensure propriety and accountability in quangos, with the strict regulations which govern local authorities. This, of course, presumes that local authorities have the power to enforce, or somehow ensure the observance of, strict codes and regulations on quangos.

In the absence of clear lines of accountability and defined channels of communication and responsibility between local authorities and quangos, the LGIU (1995a) previously suggested how local government can investigate quangos' work and memberships, and use this information to promote



accountability. Where data are available, details on the number of women on quangos and equal opportunities information is included. While indicating that these issues are significant, the seriousness of gender, or other, representation is not emphasized. Similarly, Stewart *et al.* (1995), in identifying different means that local authorities can employ to establish democratic control of quangos, do not emphasize the requirement to ensure representation of specific disadvantaged groups, including women.

While the LGIU's, and other, advice to local authorities may expedite local government's influence in public service provision, local authorities' analyses of the work of quangos must include a specific and designated gender profile. It is likely that women's initiatives will provide examples by which local authorities can organize equitable relations with, and full accountability of, quangos. For example, comprehensive consultative processes, inclusive of women's community groups, could be utilized to ensure that local authority co-optees and delegates to quangos understand the needs of women consumers. I am not advocating Stewart *et al.*'s (1995, p. 32) 'consumerist approach' to consultation. Rather, a consultation process that incorporates multiple contributions from the communities affected by policy decisions could be instituted directly with the groups, perhaps through open meetings, or indirectly, through the networking and representational work of women's units in local authorities. In addition, local authorities could ensure, when nominating candidates for selection to quangos, that they include women from local community women's groups as well as members and officers from their organization.

It must be remembered that the changes in local government's representation of women have been achieved by a minority of strongly committed women and their supporters. This criterion for change does not exist in quangos. If local government is to ensure that its work in political representation is not undermined, local authorities must ensure that processes are developed, if not to replace such proponents of representation, at least to undertake the required actions to maintain, and build on, their achievements.

## CONCLUSION

The local government example shows that women have discernible interests both as producers and consumers of public services, and that women committed to representing these interests can be effective. Local government also demonstrates a general reluctance to develop fully inclusive practices, although frameworks for limited representation have been created. If, as the LGIU (1995a) and Stewart *et al.* suggest (1995), local government has a responsibility to ensure the accountability and accessibility of quangos, its own failure to acknowledge and represent differences in communities will excuse partiality in the membership and performance of quangos.

The task for local government, if it is to maintain a role as a forum for democratic debate and equitable distribution of services in the changing

state, is not to secure a facade of equal political representation by insisting on proportionality of quango memberships. There is now so much emphasis on numerical representation of women on decision-making bodies that this has become synonymous with full political representation. Thus, the argument for representation of women is being lost by the failure to grasp the complexities of what it involves. Local government has a duty, therefore, to continue its work of political representation of women by ensuring, in partnership with a diversity of women, including feminists, that women's needs are acknowledged, understood and incorporated in the work of quangos.

There can be no legitimate argument suggesting this reform is beyond the remit of local government. The failure of government to institute democratic control over quangos has to be redressed by local government, from where responsibility for many local services has been wrested, and which demonstrates, although not perfectly, the inclusiveness of democratic procedures. It would not only be a tragedy for many women and families, as well as local democracy, if the work of local government in enhancing the political representation of women were undermined by removal of public services to the quango arena; it would also be counter-productive. Equality programmes have ensured that, by targeting certain groups in the community, limited resources are focused on those most in need and are, therefore, best utilized (Riley 1990, p. 49). Thus, if local government is to develop a role in relation to quangos, its work in the realm of gender policy and implementation must become an integral part of its objective.

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# DANCING TO WHOSE TUNE? CHANGE AND INVESTIGATIONS IN HM CUSTOMS AND EXCISE

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The public sector has been subject to significant organizational and cultural change in the past two decades. The purpose of change has been the cost-efficient and cost-effective delivery of public services and functions. The process of change has been concerned with the best means to do this, whether in structural, cultural and procedural terms. Without careful determination of the services and functions from the onset, the process, however, can become an end in itself, reflecting the comments of the Head of the Civil Service when he said that he did not know the final shape of the civil service on the grounds that 'it is not unusual . . . for an organisation in the process of evolution not to know what its final state will be' (Dynes and Walker 1995, p. 99).

Where an organization has assumed its core functions are clearly defined and understood but where they are not explicitly used to provide the purpose to shape and direct the process of change, that process may be influenced more by generic external imperatives on structural, cultural and managerial reform that developed from the 1988 Next Steps report than by the organization's core functions. The article questions assumptions that, by itself, an emphasis on the former will facilitate the performance of the latter. It suggests that the process of challenging culture and structure may have adverse consequences until the purpose of change and the functions of the organization are used to shape and inform the process. It looks at the impact of the process of change on a core organizational function in one large government department that has undergone significant change – major investigations within HM Customs and Excise<sup>1</sup>. It considers that change may be, to use the idiom of earlier research into change and the department, partly about teaching organizations to dance the Next Steps, and partly about ensuring that they keep dancing, but it is also about teaching departments that dancing is best done to tunes that inform the steps.

## INTRODUCTION: THE 1980s INVESTIGATION STRUCTURE WITHIN HM CUSTOMS AND EXCISE

At the end of the 1980s HM Customs and Excise was a large department with 27,000 staff whose work functionally involved two broad areas – the control of imports and exports, and the administration and collection of

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most of the indirect taxes on consumer expenditure – which are undertaken together by a number of regionally based Collections. It was classed as a non-ministerial executive department, working to its own legislation – the 1979 Customs and Excise Management Act. With in-house support functions such as its own prosecution department, it had (and has) substantial autonomy to run its own affairs, including the ability to determine policy on prosecutions and sanctions, and priorities for investigation.

HM Customs and Excise had three levels of investigation that targeted specific activities such as drug smuggling, evasion of EC rules on the Common Agricultural Policy (CAP), and fraudulent evasion of Value-Added Tax (VAT). Two were at the Collections level and one – the Investigation Division (ID) – which operated as a national (Headquarters) activity. ID was organized into teams working to functional and geographic responsibilities with its own intelligence capability, including the proactive targeting of drug trafficking through a number of overseas intelligence postings. The intermediate tier – Collection Investigation Units (CIUs) – was answerable to the Collector but CIU recruitment, training and standards of investigation were the responsibility of the ID to whom all major cases had to be notified. ID were very much, in terms of ethos, work and pay scales, the investigative core of HM Customs and Excise.

During the 1980s the ID staff complement nearly doubled following reviews by the department's Staff Inspection and Evaluation Branch in response to the rise in major frauds relating to the introduction of VAT, the expansion in the number and value of Common Agriculture Policy schemes and, particularly, the growth in international trafficking in hard drugs. In 1988 both the National Audit Office and the Committee of Public Accounts raised questions over HM Customs and Excise's arrangements for the efficiency and effectiveness of the arrangements for the investigation of fraud and smuggling, with the Committee discussing improved management information for deploying investigative staff 'to best effect', the use of organizational targets, the potential for organizational incentives funded through asset confiscation, the monitoring of the added-value of employing extra staff, and progress in improvements in *effective* investigative work (emphasis added) (Committee of Public Accounts 1987–88). The language of the Committee's report reflected the increasing enthusiasm of successive Conservative governments, and parliamentary Select Committees, for a managerial approach in public sector organizations.

## THE PURPOSE AND PROCESS OF CHANGE

Since 1979 the political rhetoric emphasized that the public sector was inherently bureaucratic and monopolistic, as well as too big and too costly, and that the private sector offered a much more attractive paradigm for the delivery of services and functions. It was argued that the public sector was incapable of emulating the private sector in terms of purpose – efficiency and effectiveness in the delivery of services and functions – with-

out managerial and cultural changes, as well as structural reform, to replace the perceived existing organizational constraints: rigid rather than flexible, centralized rather than devolved, cautious rather than innovative, prescribed rather than discretionary, focused on inputs rather than outputs, official-driven rather than customer-focused, hierarchical rather than flat, overstaffed rather than streamlined. The process of change sought to achieve the purpose of a more efficient and effective delivery of services and functions through organizational decentralization, devolved managerial and financial responsibility, rationalized procedures and levels of employment, cost-consciousness, and quantified and measured performance (Hood 1991; Farnham and Horton 1993; Hughes 1994; Wilson and Doig 1996).

The process of change by the late 1980s was, however, considered to be too slow and uneven, requiring some means to progress both the purpose and the pace of change, particularly in shifting organizations towards their customers and devolving to frontline managers the resources and the responsibility for delivering the organization's functions and services. Reflecting the concern over a lack of effective devolution and empowerment, reported frustration below senior management level and the need to maintain the momentum of change (National Audit Office 1986; Efficiency Unit 1988; Carter and Greer 1993), the 1988 *Next Steps* (Ibbs) report offered the structural framework to do this through the use of agency status for many of the activities of government departments.

The report was emphatic that public monolithism and existing 'cultural attitudes' sustained the 'insufficient sense of urgency in the search for better value for money and steadily improving services' and that the solution lay in structural reform focusing on competent management as well as on 'the systems and structures (which) must enhance the effective delivery of policies and services' (Efficiency Unit 1988, p1, 7). The subsequent 1991 *Making the Most of Next Steps* (Fraser) report noted that many agencies had embarked on 'new patterns of management and of staff development' and 'wide delegation of power and responsibility' (Efficiency Unit 1991, p. 10).

In the case of HM Customs and Excise which was described as working along *Next Steps* lines by reorganizing its internal structure as 'executive units' the focus was on process. This encompassed three areas: first, shifting the organization's culture towards wanting change, experimenting with delegation and discretion, and confirming a commitment to change (Colville and Tomkins 1988-89). The second was then to persuade the organization to dance (and stay dancing) to the tune of change:

'in terms of the metaphor, change leadership is, first, about calling the right strategic tunes to persuade people to take to the floor. Then change management has to be about keeping them there and instilling the confidence which comes from practice and success. It is this confidence which differentiates those who merely know the formal steps from those who can really dance' (Colville *et al.* 1993, p. 550).

The third was to seek an outcome of an organization changed and changing: 'the overall tendency towards decentralization would continue . . . the apparatus which would be required to operationalise the "the old way" is being dismantled' and, in response to a feeling among staff that 'if things started going wrong then the organization would revert to type', such a possibility would not occur because it could not: 'cultural change is a process of changing identity and the organisation is now no longer what it was' (Colville and Packman 1996, p. 32)

Teaching large organizations to dance, however, implies a coherence that organizational, sub-organizational and individual perceptions of the process of change were uniform or unanimous in terms of purpose – the relationship to core organizational functions and objectives. It assumes a continuity or continuum of a process where organizational and cultural change are mono-directional. Finally, it neglects the importance of distinguishing between purpose and process. Interestingly both the Ibbs and Fraser reports also noted that 'the work of each department must be organised in a way that focuses on the job to be done' (Efficiency Unit 1988, p. 7), that it was more difficult to achieve management 'clarity and coherence' in an organization with 'a wide range of functions and roles' than one that was 'generally more focused', and that the 'purpose and values' of the organization were 'frequently undermanaged' (Efficiency Unit 1991, p. 10).

#### **PROGRAMME OF CHANGE I: THE PROCESS OF CHANGE, 1989 TO 1994**

HM Customs and Excise had a tradition of responding positively to initiatives to improve the performance of its core functions and services. It was the subject of 12 scrutinies between 1979 and 1984. When the government launched the Financial Management Initiative in 1982, HM Customs and Excise immediately commissioned a joint study with the Financial Management Unit. This was to form the basis of its Financial Management Development Plan, a Project Management team and a timetable to introduce management planning, resources, performance and information systems over three years up to 1986, the year NAO noted: 'the top level of the department have adopted working practices wholly consistent with the principles of the FMI and the NAO found commitment to these principles at all levels of management' (National Audit Office 1986, p. 26, 4.27). Internally it was evident that senior management accepted the need for change.

With the publication of the Ibbs report HM Customs and Excise began internal reorganization on 'Next Steps lines' with the creation of executive units which included 21 Collections, the Solicitor's Department, a number of the Headquarters functions such as IT and the ID. Operational responsibility, resource allocation and budgets devolved to the units while performance targets were included in operational planning systems. Thus ID's system projected the number of cases to be undertaken and assessed performance against several criteria: street value of drugs seized or pre-

vented from entering the UK, drug-related assets seized, VAT and other duties investigated. In addition, because of the number of unquantifiable factors in drugs and intelligence work, ID also ranked cases by 'quality'. In the case of drugs the importance of those involved, the drug involved and the amount would determine which case the ID or CIU might deal with. Within ID the same criteria would be used to assess whether the investigation and the cost of the staff and other resources involved were justified by the outcome but the final decision under whose responsibility a case came rested in principle with ID.

Internally, however, the concern that the wider direction and emphasis of reform – 'improving performance by delegating power and responsibility down the hierarchy closer to the point of delivery' and teaching bureaucracies 'in order that they can become attuned to change' (Colville *et al.* 1993) – had implications for the core functions and focus of the organization. The drive for change was led by those within central services where the process of change management and corporate strategy were becoming priorities in themselves rather than shaped by the priorities of the organization as a whole while the process of the devolution and decentralization of budgetary and planning responsibilities to Collections was perceived as supporting the development of autonomous entities with a number of adverse implications for the organization.

Thus, while operational flexibility and financial responsibility were welcomed in the Collections, HQ staff expressed 'uncertainty over how a number of apparent contradictions could be resolved (and) ambiguities in the new delegations which left them unclear as to which values were being changed and which retained', including concern over: the equitable treatment of clients, the integration and co-ordination of 'the activities of what was still a national organisation', the lack of central guidance – managing 'without the book', the requirement for new professional competencies at devolved levels, the introduction of rewards and performance indicators in a regime where 'the only carrot is the absence of the stick', and issues of devolved responsibility and delegated autonomy (Colville *et al.* 1993, pp. 557–8).

Such concern reflected the organization's central 'strong culture' – and the view of some commentators that it was 'an obstacle to change' (Colville *et al.* 1993) – but it also reflected an awareness that the emphasis on the process of change could affect the effective pursuit of the national investigative function if Collections began to operate independently of, or in competition with, each other, and if performance indicators and strong regional foci led to husbanding of cases and intelligence. More generally, it was felt that the 'strong culture' could be diluted if the prescriptive centralized structure was changed and national functions subsequently impaired, because a flatter, more independent structure could militate against a prioritization of functions and because a duplication of effort and fragmentation



of budgets could dissipate the effective application of resources to investigation.

This was particularly pertinent to the ID which was facing significant changes in the external economic crime environment, including: increased CAP fraud which also involved organized crime and European businesses; evidential and procedural constraints (including disclosure of evidence and time limits on legal proceedings) in relation to court prosecutions; the resources and time necessary to target major criminals; the increase in money laundering reporting; the increase in the levels of business fraud and smuggling (including drugs and weapons of mass destruction) involving Eastern Europe, Turkey, the Lebanon and Africa. Of particular significance has been the effect of a frontier-free Europe, the need for better intelligence and closer co-operation with overseas agencies and the increased roles from being a unitary national organization in a fragmented UK policing framework (Doig 1995).

Consequently, a reassessment of the impact of the change process was undertaken through the departmental Fundamental Expenditure Review (FER) in 1994 which, through a number of internal reviews, dealt first with the main business objectives of the department and then with the department's organization and structure (Next Steps Review 1994; HM Customs and Excise 1994).

## **PROGRAMME OF CHANGE II: PROCESS TO PURPOSE, 1994 TO 1997**

HM Customs and Excise began its FER in January 1994, looking to establish whether its objectives and priorities – the purpose – remained valid, if the means of achieving them gave best value for money, and how resources might be retargeted to improve outputs, and whether it was able to provide a better service in line with the government's encouragement of a more business oriented and outward looking civil service. The FER was completed that year and was the basis for further change through the Strategic Programme of Change launched in 1995.

The FER allowed the organization to assess what were its core purpose and functions (focusing on UK revenue, EU revenue, prohibitions and restrictions, and trade statistics), how it could fulfil them and what were the best procedures, methods and structures to achieve them. In relation to the latter, three core process themes emerged from the FER exercise to set the strategic direction for the department: gearing resources to risk; improving quality of service and co-operation; and developing professionalism and responsibility. The process of change to achieve the purpose of change was to be achieved through a changed management structure and culture. Ownership for the direction has been taken at board level while, organizationally, adopting a much flatter and more flexible structure, with a strong corporate and strategic focus and a clearer separation of policy and operational functions. The number of Collections was reduced from 21

to 14, staff savings were proposed and the approach to investigation was framed within the context of the 'strong culture', a single command structure and a unitary organization.

While the FER resulted in reaffirmation of the process of change – better quality investigative casework and deliverable outputs in the light of increased volume and complexity of criminal activity, discriminating application of resources shaped by an accelerated development of intelligence systems and activities which focus attention and resources on activities which will give the best results – it did so within a recognition and determination of the purpose to which they were being put: a reassertion of the primacy of the department's national investigative capability. The major structural consequence for the department's investigative capability was the creation of a single National Investigation Service (NIS) to merge the two tiers of the CIUs and ID into one command; the existing two-tier distinction of investigation activity between them was considered insufficiently flexible to deploy staff, target major cases and react quickly to new threats. The NIS comprises a central HQ function and 8 regions, each with a close operational and managerial link to one or two Collections but directed within a single centralized command (HQ) structure: discrete executive direction within a nationally co-ordinated and directed structure. In line with the FER the focus will be on the maximum percentage of quality casework, with the emphasis on intensive, resourced investigations into complex frauds and attacks upon the integrity of the revenue and control systems, as well as targeting major criminal organizations, with improvements in the setting and definition of targets which will give a clearer steer towards the objectives of strategically significant, disruptive intelligence and investigation casework at a national level.

NIS deploys some 58 per cent of its operational strength to tackling drugs trafficking and related money offences by focusing on the major trafficking groups, which will inevitably lead to longer deployments of larger numbers of staff on cases where international trafficking is the norm. NIS Drugs investigations is managed by a single manager on a national basis, throughout the United Kingdom. This provides the facility to use resources even more effectively, allowing for flexible deployment between NIS regions, particularly in response to major operations, with a focus on dismantling or substantially disrupting smuggling organizations as well as on drug detection. As recommended by the FER, NIS will embark on a programme of staged increases in resources engaged on financial investigations and pro-active intelligence operations in support of this objective, supplementing the overseas liaison officer network in key locations and increasing the level of collaboration with other intelligence agencies, through sharing expertise, early-warning information exchange, intelligence exchange and joint operations with European partners.

The FER also provided the vehicle for a major review of another core departmental function – intelligence – to take account of the national and

international complexion of both control and investigation activity, and the need to modernize and redesign many of the processes which make up intelligence activity to fit them for purpose. The creation of the NIS has thus been paralleled by structural changes to intelligence collection and collation. Intelligence systems are required to inform policy-makers and set national parameters; they are also needed to support local initiatives and drives against non-compliance in particular trades. The purpose is to focus on centralizing intelligence collection and collation, working to national priorities, and greater international co-operation, which are more likely to reflect departmental objectives. A single line of accountability and organization in each Collection would provide intelligence activity with a clear role in high-level management of the business by passing the intelligence through a central co-ordinating body – the National Intelligence Division (NID) with, at its core, a national assessment centre. The latter is intended to provide strategic assessments based on, amongst other information, analysis of intelligence from debriefing internal and external sources, the sifting of sensitive intelligence for ‘gold dust’ information and market observation. NID operates in close collaboration with the NIS, notably to open up the compartmentalized intelligence functions to wider departmental benefit, ensuring there are no barriers to the read-across on all commercial fraud operational intelligence so that maximum benefit will be derived from all available case-specific intelligence.

## CONCLUSION

The formation of the NIS brings together under one overall operational head all specialist criminal investigation activity throughout the UK in respect of VAT, customs and excise offences. This will make it easier to relate inputs to outputs, focus on national objectives and use increased flexibility in the deployment of commercial fraud resources to meet changing priorities and increased threats. It reasserts the ‘strong culture’ and re-emphasizes a core function to which the process of change is applied.

The process of change may well have moved HM Customs and Excise toward developing ‘faster thinking and more viable organizations which can respond quickly to complex and dynamic environments’ (Colville *et al.* 1993, p. 550), but the initial process may well have been one of generic prescriptive objectives, such as decentralization, with fundamental management implications, such as empowerment, the consequences of which were neither addressed nor anticipated at the time of concept or implementation. While the organization may have made certain assumptions about its core functions, and the certainty of their continued delivery consequential on the changes, it became increasingly clear that the process of change, uninformed by the purpose of change, was diluting both delivery and culture. While the first programme of change certainly initiated the awareness of change – the belief that ‘if culture is located in the hearts and minds, then it is realized and changed through interaction which uses opportunities

presented to it as well as time to confirm its new character' (Colville *et al.* 1993, p. 562) – it did not allow for the impact of discretion and interpretation once the strong culture began to decline as the predominant influence: teaching organizations to dance is not necessarily a guarantee that the dancers' steps are synchronized and harmonized if they are not also alive to the purpose of dancing or dancing to the appropriate tune. This is particularly true if the 'strong' culture is not located coterminously with the organizational focus of the change process.

In such cases it may be accurate to argue that 'a successful transition requires perseverance in applying underlying core values through a series of events and different situations' (Colville *et al.* 1993, p. 564–5) but so is applying core functions to the process of change. Conversely it may not be accurate to argue that an organization will not revert to type because it cannot on the grounds that it has changed. The process of change may awaken it to the effect of the process of change on its values and functions. It is interesting that, in relation to departmental controls to prevent, detect and deal with internal fraud, HM Customs and Excise should suggest that, 'as well as providing significant benefits, reorganisation and delegation and new ways of doing things will need to be carried through without jeopardising the more traditional controls and safeguards that underpin the Department's commitment to integrity and honesty' (National Audit Office 1994, p. 12). It would be more pertinent to argue the process of change has thus less changed the identity and culture of the organization than reasserted them in a more dynamic and strengthened form in pursuit of its core functions and objectives, as the organization learns the value of dancing, and dancing to the tunes that best achieve the purpose of dancing.

## NOTE

1. The article is based on research which was conducted in 1992 (as part of a project on economic crime and public sector organizations, funded by the British Academy) and 1996; the sources are interviews, published academic material and departmental reports. The views of both authors are personal and are not intended to represent the views of HM Customs and Excise.

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# COMPARATIVE AND INTERNATIONAL ADMINISTRATION

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## PUBLIC ORGANIZATIONS, MULTIPLE CONSTITUENCIES, AND GOVERNANCE

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Public organizations vary considerably. Yet little attention has been paid to the systematic analysis of this diversity. Drawing on case studies of four public organizations and a survey on all central government organizations in Denmark, variations in tasks, environments, constituencies, and central governance are conceptualized. Public organization tasks can be analysed at three levels ranging from user-oriented outputs, general outputs which can further be divided into policy goals, scope of profile, standard setting and capital accumulation, to the normative base of the public sector. Public organizations vary with regard to the emphasis put on level of output and on how the different aspects of the tasks are interrelated. Variations in constituencies and exchange cycles with the environment are further related to different task profiles. Finally it is shown that central oversight organizations compete with other actors in the public organizations' environment in the governance of public organizations. From an organizational point of view 'the state' appears to have a humble and remote position.

### INTRODUCTION

The public sector has in this century developed a vast heterogeneity of functions, organizational forms and modes of governance (Kooiman 1993). The traditional bureaucratic state relying on hierarchy, rules and universalism has been challenged by the growth of the welfare state expanding a number of professional fields such as health, education, social services, public libraries, and environmental protection. These fields typically build on professional or semi-professional norms and values with particularistic relations toward the clientele (Audunson 1995). In the last fifteen years we have further witnessed waves like New Public Management and Reinventing Government, prescribing new modes of governance such as managerialism, competition, pricing and contracting out (Kickert and Beck Jørgensen 1995).

The likely result is a highly differentiated public sector composed of a

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huge number of semi-autonomous public organizations with multiple and varying constituencies, goals and responsibilities. This development points to three related areas of interest.

First, an understanding and conceptualization of public sector diversity is needed. Public sector heterogeneity has been unequivocally acknowledged in public administration research. Downs (1967), Pitt and Smith (1981), and Viteritti (1990) offer varying depictions of public organizational constituencies; and Day and Klein (1987), Rainey (1997), and Rosenbloom (1993) point to the multiplicity of public organizational goals and responsibilities. However, empirically based systematic discussions and conceptualizations of agency differences are scarce, and although the policy literature conceptualizes policy types and related patterns of influence (Ripley and Franklin 1986; Meier 1993), the implications for public organizations are seldom discussed.

Second, development of a *public* organization theory is called for. Certainly, the organizational perspective is not novel in the study of public administration. Especially Anglo-Saxon scholars have attempted to adapt generic organization theory to public sector organizations (Denhardt 1984; Harmon and Mayer 1986; Heffron 1989; Gortner *et al.* 1987; Lawson and Rose 1994; Rainey 1983, 1997). Typically, these scholars offer fine introductions to generic organization theory illustrated by public organizations and elaborate discussions on what parts of generic theory may be useful in the study of public organizations. However, the confrontation between a 'public reality' and an organization theory with strong roots in empirical studies of private firms has not yet resulted in the development of a unique public organization theory.

Third, it is tempting to reflect on the changed nature of the state. The changes in the public sector have in most Western countries taken place within an unaltered constitution. The result is that the constitution has to encompass a number of diversities. Thus, it may be reifying to speak about the state as one over-arching entity. Given public sector heterogeneity, the question 'what is the state?' is likely to be answered differently across policy sectors and public organizations. This article concentrates on the first two issues and addresses the last one in a more casual manner.

## THE ORGANIZATIONAL PERSPECTIVE

If we only study public organizations from a top-down perspective, as part and parcel of the state, we are inclined to think about them as mainly political instruments. To fully understand organizational diversity, especially with regard to their varying constituencies, we need to adopt a bottom-up perspective; in this case an organizational perspective. This does not imply that we employ a *generic* organizational and managerial perspective; only that the unit of analysis is a public organization. Nevertheless, there are implications for: (1) how we conceive relations between a public organization and its environments; (2) the importance we ascribe to an organiza-

tional logic of production; and (3) the methodological approach to be adopted.

### **Public organizational environments**

Public organizations are more directly open to political influence than private organizations. But public organizations are not equally open. Rather, it is important to be aware of the degree of organizational self-containment (Simon and Thompson 1991, p. 42). Our basic assumption is that all organizations form relationships of exchange with their environments (Simon *et al.* 1950; March and Simon 1958).

An immediate application of this line of thought to public organizations begs an interesting question: how are we to understand the relations between a public organization and superordinate authorities, for example the parent ministry? Traditionally, we think of the relations between these authorities and the public organization as formal relations of authority which reflect the way in which the organization is 'moulded' into the political system and is subject to ministerial control.

Conceiving the relationship as an exchange relationship, however, leads to a decisively different view of hierarchical relations. Actually, relationships of authority can readily be conceived as special cases of exchange relationships, since sustaining an authority always involves cost. Hypothetically speaking, these costs can vary across agencies. Naturally, a public organization can adapt itself to the desires of the ministry. For example, the organization can ensure 'orderly conditions' as to allocation of appropriations and administrative systems, and it can listen to the political agenda. In this case, the ministry's costs of functioning as a parent ministry are kept low. On the other hand, the organization can give the ministry a hard time. The organization can be absorbed by its own professional values and withhold information or only communicate it selectively to the ministry.

This organizational perspective thus implies that relationships with political and administrative authorities are on the same footing as relations with other parts of the environment (for example interest organizations, professional associations, users, and the media). Only empirical analyses can determine whether formal relationships of authority are more important than others in terms of *actual* influence, or whether the actors experience them as taking precedence.

How should politics then be defined? Following Wamsley and Zald (1976, p. 18) politics refer to:

Matters of legitimacy and distribution of power as they affect: the propriety of an agency's existence; its functional niche (in society, political systems, and/or policy subsystems); its collective institutional goals; the goals of the dominant elite faction; major parameters of economy, and in some instances its means of task accomplishment.



Fundamental to this view is that politics is defined as an activity and not exclusively referred to the political/administrative hierarchy outside (or above) the organization. On the contrary, the organization itself may have a distinctive political role in so far as it is engaged in the above activities.

In sum, public organizations are not viewed as obedient servants of a clear political will. They may be, but if so they are special cases. Rather, they strive to survive and sustain autonomy in a complex and varying environment, acting in several networks of exchange and negotiation, involving appropriations, users, tasks, jurisdiction, political support, values, and media attention.

### **Logic of production**

Public organizations represent a specific identity of professional knowledge, routines, and value perceptions, rooted in the organization's production processes and history. Paraphrasing Thompson (1967) we label this 'the production core'.

At first, the production core can be understood as: 'The combination of factors of production, the arrangement of the division of labor, allocation of resources for task accomplishment, and maximization of efficiency' (Wamsley and Zald 1976, p. 19).

But more than that should be included. The production core may also contain its own professionalism, including certain patterns of recruitment, socialization, and constructions of meaning developed over time. Often specific values, for example codes of conduct, are tied to professionalism implying that the production core develops its own life form over time, making it important to understanding the organization's institutional history (Brunsson and Olsen 1993).

Furthermore, the production core cannot be understood fully without including the relationship to the users. 'Users' are not defined as the beneficiaries of public organization production. Instead, they are defined as those citizens or organizations being the targets of the primary production processes. Thus, the users of the tax authorities are the tax payers, the users of a prison are the inmates and the users of the police are the criminals, since the primary production processes (tax collection, imprisonment, detection) are directed toward these groups. Therefore, the logic of production also includes the rules, mechanisms and institutions which define how organizational products or activities are distributed among or exchanged with the environments (Wamsley and Zald 1976).

### **Public organizations and networks**

Public organizations may engage in several networks with the environments. In accordance with the preceding remarks, we distinguish between two main networks (cf. also Scott 1992 on technical and institutional environments). First, public organizations are engaged in a *negotiation and diplomacy network*. This network includes the organization and all external

actors who are able to influence the general context and conditions of the organization. These actors include superordinate authorities, for example the parent ministry, the Ministry of Finance, the General Audit Office and the Ombudsman, but may also include Members of Parliament, interest organizations, unions, media and organized consumers. Within this network, appropriations, jurisdiction, and goals are negotiated, or the organization simply attempts to maintain long-term relationships of support for no other reason than survival.

Second, public organizations are engaged in a *production and consumption network*, including the production core, the users, suppliers, and possible competitors. Within this network, the production core maintains and develops itself, and outputs are produced, distributed and consumed. Within *both* networks, organizational legitimacy may be achieved. For example, happy customers in some cases may easily balance discontented politicians.

Three points of interest in empirical analysis immediately present themselves. First, one can look for those actors which dominate a network. Second, and perhaps more important, one can estimate the relative significance of a network, i.e. to what extent one network conditions the formation of preferences and behaviour in the other network. For example, the production and consumption network will be labelled as strong if it sets the agenda and/or tends to determine the outcome of decision making in the negotiation and diplomacy network. Third, one may look for how tightly or loosely the two networks are coupled with each other; what actors or mechanisms are the causes of a specific degree of coupling; and what the effects may be of such coupling.

### **The methodological approach**

Naturally, the methodological approach has to correspond with the analytical approach. In two empirical investigations the basic method was to analyse public organizations from within outwards. In our attempts to understand the individual organization, we started on the floor, moved upwards, and studied the environment (including superordinate authorities) primarily from the perspective of the focal organization. We thus tried to avoid the risk of taking the importance of formal ties, procedures, norms, etc. linking the organization to the environment for granted, i.e. avoiding the deduction from a 'judicial existence' to a 'behavioural existence'.

The following analysis draws on two sets of data on public organizations producing services to, or regulating the behaviour of, individuals or private firms: (a) four case-studies of Danish central government agencies (the Royal Theatre, the National Labour Inspection Agency, the National Hospital, and the Danish Seed Testing Station) and (b) a survey on all Danish central government agencies. For further details on methods and data, see appendix.

## MULTIDIMENSIONAL GOALS

Many observers of public organizations stress task complexity when they characterize public organizational goals as unclear and vague, multiple, conflicting, transitory and unstable (Harmon and Mayer 1986; Heffron 1989; Gortner *et al.* 1987; Rainey 1983, 1997). In short, our case studies suggest that one important reason for this task complexity is the multidimensionality of public organizations' tasks. Public organizations produce several types of outputs (Antonsen 1989), anchored in different ways in the production and consumption network and the negotiation and diplomacy network. And they are restrained by certain public sector values.

### User-oriented output

First, *user-oriented outputs* are produced. Such products are specific, delimited or delimitable and are directed at individual or specific citizens such as clients, students and patients. In Blau and Scott's (1963) terminology, they are 'public-in-contact.'

At the Royal Theatre, the user-oriented product in its most simple form is the evening performance; whether it is opera, theatre, ballet or a symphony concert. The audience gets an artistic experience, or simply a nice evening in town. The Danish Seed Testing Station tests seed samples submitted by seed producers and dealers for a number of different qualities: their germination capacity, purity, authenticity, water and oil content. The supplier then gets a certificate specifying the qualities of the seed. The user-oriented outputs of the Labour Inspection Agency are primarily factory visits and/or administrative decisions which can result in the form of either an advisory service or an injunction. The output can also take the form of information bulletins, drawing up guidelines and consultancy services. Finally, the National Hospital treats patients – whether as admissions, out patients or casualty.

Besides general regulations governing who is entitled to become a user, user-oriented output is clearly located in the production and consumption network. The production processes may be complicated and the technology involved sophisticated. But in general there is little discussion on who are the users and what is the product. Of considerable interest, however, are the relations between the organization and the users.

At the National Hospital users are *integrated* physically and mentally into the organization. In the case of the National Labour Inspection Agency the encounter between users and organization takes the form of *negotiations*. At the Royal Theatre the meeting between users and organization can most appropriately be labelled as *confrontation*, which also refers to the physical placing of the audience *vis à vis* the stage. Finally, interaction between the users of the Danish Seed Testing Station appears to be *rule-bound*, because of the specific regulations of agency operations, the industry and the relations between the agency and the industry (Beck Jørgensen 1988).

### General outcomes

While New Public Management inspired reform initiatives seem to acknowledge user-oriented outputs only, we need to consider *general outcomes* of public organizations as well. These are more diffuse and difficult to measure: they are unlimited and unlimitable in scope and are more in the nature of collective goods. Here, individual citizens are not the relevant target group. The output is directed at the citizenry as a whole; possibly, at groups of citizens or, to use Blau and Scott's (1963) terminology, the 'public-at-large.'

The general outcome at the Royal Theatre goes far beyond the evening performance, whether the audience realizes this or not. The theatre is obliged to perform a broad repertoire that presents both classical and contemporary, Danish and foreign works. Furthermore, the theatre must be a theatre for the whole country. More generally, the task of the Royal Theatre is to create both cultural continuity and innovation and to make possible common cultural identification. The theatre is a *national* stage. Finally, the theatre must give performances at the highest possible quality level and, by so doing, set the standard for Danish dramatic art.

The general outcome at the seed testing station is linked to two circumstances: (1) the regulation of the industry and (2) Danish export interests. Seed testing creates a market transparency: it becomes easier to discover the link between quality and price. At the same time, export markets are promoted by a reliable quality control, exemplified by the seal with the Danish crown.

The general outcome of the labour inspection agency is the improvement of the work environment in a way which brings it legally 'in line with the technical and social development of society.' Also, the general outcome of the agency includes the stabilization and regulation of conflicts on the individual working place, the industry and the labour market.

At the hospital the general outcome is to carry out professional medical training and research. In addition, the task – as a national hospital – is to be in the forefront in many special fields of medicine. The hospital must provide that special guarantee that there is always one or other 'mad scientist' available for all conceivable diseases.

In contrast to user-oriented outputs, general outcomes cannot be exclusively referred to the production and consumption network. The actual production belongs to that particular network, but decisions on the balance between components of the general outcomes and on who may benefit involve actors in the negotiation and diplomacy network. We will explore that in the next section.

### Types of general outcome and the interplay with user-oriented outputs

It would be tempting to postulate that there is a functional relationship between user-oriented outputs and general outcomes: that the production of user-oriented outputs is a means of achieving general outcomes. To some

extent this is the case. But when we examine the relationship between output types, we discover that the relationship between general outcomes and user-oriented outputs varies according to which kind of general outcome we examine.

The means-end relationship between general outcome and user-oriented output is most apparent when general outcomes can be regarded as constituting a *policy goal*. In order that the seed testing station can regulate the seed branch in achieving credibility as to quality and price (the policy goal), the individual seed producer must send seed samples to the station which, by controlling quality, produces a user-oriented output. Similarly, the labour inspection agency carries out factory visits in order to make general improvements in the work environment. In both cases, the general outcome is the paramount goal and the user-oriented output is a means of achieving this goal. Looking at the role of the Royal Theatre as a national stage, the rationale is the same. Here the individual performance is a means of achieving cultural identification. Note, also, that the linkage between the two levels varies across organizations. It is very indirect in the case of the Royal Theatre and the National Labour Inspection Agency. In that respect, these two organizations are characterized by unclear technology. In the case of the Danish Seed Testing Station the means-end relation is direct and clear, making that organization a more reliable policy instrument.

A second type of general outcome is *broadness of scope*. The National Hospital must have professional expertise in a large number of special fields. If treatment is not possible in other places it has to be available at the National Hospital. The Royal Theatre is obliged to perform old and new, Danish and foreign works. It is not allowed to specialize. In this context, user-oriented outputs are not important in themselves. What matters is the sum of professional expertise at the National Hospital and the overall repertoire of the Royal Theatre. Further, the needs of the user play only a small part. The obligation of the National Hospital is not to eliminate common diseases but to foster many special fields for a modest number of patients. Similarly, the Royal Theatre may perform incomprehensible works for tiny audiences.

A third type of general outcome is *standard setting*: to be a front rank institution or 'quality leader.' It is said of the Royal Theatre that the creation of performances at the highest artistic level is intended to inspire other theatres, just as the National Hospital has, traditionally, been assigned the role of a front rank hospital. Users have only an inferior role in 'standard setting.' There are probably very few users that can assess or value the highest artistic levels or the greatest expertise in the medical profession. Hence the reference group of the organization is not the user but the profession and its practitioners, for example other artists and doctors.

A fourth type of general outcome is *capital accumulation*, i.e. the development and storage of knowledge and other resources relevant to the organizational domain. The pure version involves capital accumulation only for

the hypothetical case that there might be a future use for them. An example is the civil defence. This form of capital accumulation has a 'being-on-alert' and 'archival function.'

Pushing it to the extremes, the only reason to have performances at the Royal Theatre is that stage art cannot be reproduced and developed as part of the cultural heritage without performances. Thus, the point of the performance is not to give the audience an idea of their cultural heritage nor to give them an enjoyable evening. There is an audience only because the performance needs it. In the case of the National Hospital, the line of argument is the same. The treatment of patients is necessary for carrying out proper medical research and training. From this point of view, treatment is not conducted for the sake of the patients: patients are operated on because doctors get cleverer by doing so.

However, in most public organizations the function of capital accumulation is also to ensure future improvements in the user-oriented output. Medical research and training are required to develop better treatment of patients. To perform eighteenth-century plays or nineteenth-century ballet requires the existence of a living tradition that continues the diction and the steps. Thus, the production of the general outcome is a necessary condition for the production of user-oriented output.

### **Public sector values**

Being part of a public sector traditionally gives rise to further demands beyond the scope of general outcomes and user-oriented outputs. This macro-level we label the *normative base of the public sector*. On this level a set of values can be identified. Examples include values such as political loyalty, democratic responsibility, due process, equal opportunity, and efficiency.

Obviously, it is very rare that public organizations are established with a main objective being to 'produce' democratic responsibility or due process. A few important exceptions can be mentioned. The Council of Equal Opportunity has producing equality as its main objective just as the the Ministry of Finance and the Ombudsman are supposed to produce efficiency and due process, respectively. What is important is that they are doing so by imposing the values in question on all public organizations. Therefore, the values included in the normative base are not concerning *what* public organizations produce but rather *how* they ought to produce a given output.

From the point of view of users or politicians, the normative base has the function of guaranteeing that the organization 'stays on the track.' Very often, indeed, from a professional or managerial point of view, it may be rational not to treat the users equally. Thus, looking through organizational lenses, the normative base most appropriately can be understood as a set of restrictions which defines the boundaries to various kinds of organizational and professional rationality when producing user-oriented or general

outcomes. Clearly, in some instances, the normative base also constitutes an organizational capability, i.e. entitling the organization to decide and act in accordance with values in the normative base.

Some values are equally applicable to all public organizations; some are presumably not. Political loyalty can be seen as a value enforced on all the organizations studied but only in a very broad sense: they must acknowledge that they are funded by public money and pursue official goals only. But clearly, an art organization such as the Royal Theatre stresses independence of political authorities. Also, due process plays a minor role at the Royal Theatre compared to the National Labour Inspection Agency. As mentioned earlier, this does not mean that public organizations necessarily follow a political will.

### **Concluding remarks on multidimensional goals**

This analysis of public organizational tasks takes us to a few straightforward conclusions. First and foremost, public organizations have responsibility for multi-level outputs surrounded by a number of general values. Thus, public organizations face multiple responsibilities. This may explain why we often face serious classification problems when organizational typologies based on purpose or function are applied to public organizations (Beck Jørgensen 1996).

Second, these responsibilities have several inherent tensions. Depending on the type of general outcome, we find very different relations between user-oriented outputs and general outcomes. Different types of general outcome (for example a broad product profile and standard setting) may easily conflict with each other. The same is true of values in the normative base (for example political loyalty and due process).

Third, although multifunctionality seems to be a rule rather than an exception, the tasks and values actually pursued vary across organizations. Whereas general outcomes (for example broad product profile, standard setting and capital accumulation) play a notable role at the National Hospital, user-oriented output and due process are much more important at the Danish Seed Testing Station. In fact, each organization may be characterized by a certain task and value profile.

The multifunctionality, the inherent tensions and the organizational variation naturally raise a number of questions. Which actors can be considered as public organization constituencies? How are they related to user-oriented output, general outcome and normative values? And what roles do they have in the handling of the inherent tensions in the task and value profile? These questions take us to the analysis of the organizations' networks.

### **CONFIGURATIONS OF NETWORKS**

The Royal Theatre is relatively autonomous. Neither the production and consumption network nor the negotiation and diplomacy network is dominated by strong external actors. No strong organized users or interest

organizations exist. Considerations of users are not immediately prevalent. Repertoire and performance are determined mainly by artistic reasons, rather than consideration of the users, and not at all for political reasons. At times political interest in the theatre can be intense, but in general it is rather fluctuating, episodic and directed toward non-art issues, for example financial problems. In contrast, the production core appears as strong and aware of its own professionalism, firmly coupled to local unions and, to a certain extent, to performers outside the Royal Theatre.

In sum, the main constituencies of the Royal Theatre are professional networks, partly differentiated in networks around play, opera, and ballet. This is consistent with the theatre's emphasis on standard setting and capital accumulation. However, the professional constituency is to some extent balanced by the obvious visibility of degree of user satisfaction. Sold-out performances and good reviews in newspapers make a difference.

The Danish Seed Testing Station is rooted in a relatively strong production and consumption network, showing considerable consideration of and adaptation to customers and competitors. For example, the Danish Seed Testing Station has implemented extensive cost reductions measures, and cost-based user fees – covering 85 per cent of operational costs – are competitive. Management supervises the production and operational costs closely. They wear lab coats even when there is no need and with very few exceptions both top and middle management hold doctoral degrees in agriculture.

In contrast, the negotiation and diplomacy network is relatively passive. Both the ministry and politicians show very little interest in the organization. Organized users, formally represented in the Seed Testing Commission, may reinforce the importance of the production and consumption network. Owing to its professional competence and position in the European Association of National Seed Testing Stations, the Danish Seed Testing Station is trend setting compared to user organizations and the parent ministry.

In sum, the main constituency of the seed testing station is the users. The station relies heavily on their demand for seed-testing services and their willingness to pay. The formal representation re-inforces the importance of the users.

The production and consumption network of the National Labour Inspection Agency is relatively weak. The users (employers and employees) are 'well-formulated' but their interests are conflicting. There are no evident competitors to the agency. In contrast, the negotiation and diplomacy network plays an important part. This is especially due to the representation of the strong, well-organized, and stable labour market interests in the Council of Working Environment. Also, most political parties have explicit policies on labour market issues. The agency is continuously stuck between these interests and has to adopt a strategic attitude to them. In accordance



with this, the production core has a high political consciousness and the couplings between management and the production core are strong.

The main constituency of the National Labour Inspection Agency is obviously the labour market interest groups. The interest groups are even more important than the government and Parliament since legislation is seldomly carried out without their prior consent. The importance of interest groups is consistent with the emphasis on general outcome as a policy goal.

The production and consumption network at the National Hospital is highly differentiated because of the existence of many users with specialized needs. In this network we also find important suppliers (for example the medico-industrial complex), and noticeable competition with other large hospitals over professional status, specialties, top physicians and surgeons, and patients with – from a professional point of view – ‘interesting’ diseases.

The negotiation and diplomacy network is complex, including the ministry, the Directorate of Health, numerous boards and councils, the City of Copenhagen, the Medical School at the University of Copenhagen, and – a little more distant – the counties, all with various and conflicting interests in the tasks and organizational domain of the National Hospital. The role of the counties and county hospitals are dual. On the one hand, they control some of the demand for the National Hospital’s output through visiting patients. On the other hand, some are themselves eager to run large, prestigious hospitals competing with the National Hospital.

One can hardly speak of *one* production core. As a result of the professional specialization, the National Hospital is divided into a series of rather autonomous production cores each aiming at specific user groups. The distance between management and production cores is substantial. Finally, the National Hospital is strongly characterized by professional and union interests in the production and consumption network, the production core, and the negotiation and diplomacy network.

There can be little doubt that professions (such as the National Medical Association) constitute an important constituency for the hospital. This is consistent with the emphasis on a broad product profile, standard setting and capital accumulation.

All in all, we find striking variations across organizations. First, the main constituency of the organizations varies. However, this is not to say that the organizations are cases of ‘single-constituency-organizations.’ On the contrary, all of them face multiple constituencies but the balance between these is related to the organizational task and value profiles.

Second, the networks vary in their degree of complexity. There can be few, homogeneous user groups (the Danish Seed Testing Station) as well as many, highly differentiated user groups (the National Hospital). Further, the negotiation and diplomacy network of the National Hospital is highly complex compared to the other organizations.

Third, the networks vary in level of conflict. The negotiation and diplo-

macy network can be harmonious (the Danish Seed Testing Station), or it can be marked by conflicts not only between actors in this network but also stemming from the production and consumption network (the National Hospital with regard to competitors). Conflicts can be well-organized and stable (the National Labour Inspection Agency), or unpredictable (the Royal Theatre).

Fourth, couplings between networks are very different. The Royal Theatre is an example of a very loose coupling between the negotiation and diplomacy network and the production and consumption network. In the negotiation and diplomacy network, the overall objectives and financial frameworks are fixed whereas the theatre autonomously administers within these frames. In the National Labour Inspection Agency and, albeit to a lesser extent, the National Hospital, the coupling is closer. In each case the reason is that significant external actors occupy overlapping positions. In the National Labour Inspection Agency, the users are well organized and thus able to move relatively easily between one network and another. In the case of the National Hospital, other authorities (counties) influence the 'input' of users in their visitation of patients, and above all the professions working in the health sector occupy important positions in both networks.

Further, the media plays a part in the coupling of the two networks. 'Scandals' at the Royal Theatre easily find their way to newspaper front pages and often provoke substantial political eagerness to control and reorganize. The systematic exposure of the performances (newspaper reviews) helps to create an institutionalized public awareness around the theatre. The Danish Seed Testing Station represents the opposite case. Besides a few 'specialists' in the parliamentary Committee for Agricultural Affairs, hardly any politician has ever heard of the organization.

Fifth, the relative strength of the production core varies a good deal. Strong and self-conscious production cores are most clearly seen at the Royal Theatre and the National Hospital. It is no coincidence that these organizations are also characterized by a distinct gap between the management and the professionals. Art and administration do not live merrily together. Neither do doctors and managers. Both the Labour Inspection Agency and the Seed Testing Station represent opposite cases.

However, despite variations all four organizations have rather distant relations toward their parent ministries. Thus, none has an unblemished relationship of obedience to the parent ministry, and survey data on all public organizations show that this is widespread. On average, professional commitment and loyalty toward the organizational mission turned out to be the strongest motivational factor while maintaining a good relationship with the ministry had the lowest score (Beck Jørgensen and Nexø Jensen 1992).

## THE EROSION OF CENTRAL GOVERNANCE

Given that public organizations produce a variety of different outputs, have to safeguard various normative values and relate to multiple and varying constituencies, is it hardly surprising that the portrait of the governance of public organizations becomes rather complex. In the following, we will analyse what is left to the central governance of public organizations, i.e. the governance carried out by a number of oversight organizations. We will concentrate on governance by parent ministries.

### The landscape of governing actors

Traditionally, top-down governance of public organizations is regarded as *the* mode of governance (Beck Jørgensen and Larsen 1987). Discussing the configurations of networks above, we demonstrated that several governing actors may be active and that the composition and strength of these actors vary between organizations.

Our survey data support this picture of multiple governing actors. The parent ministry clearly competes with other actors. First, 41 per cent of the respondents say the parent ministry is an important or very important external actor. However, user organizations, users, and external professional bodies are all ranked slightly higher (48 per cent, 47 per cent, and 45 per cent, respectively). A number of other actors do have a say also: the Ministry of Finance (28 per cent), Members of Parliament (26 per cent), the EU and other international bodies (25 per cent), and media (21 per cent).

Second, these patterns vary across ministries. Within the domain of the Ministry of Culture, only 29 per cent say parent ministry governance is important/very important. In contrast, 75 per cent of public organizations within the domain of the Ministry of Labour say the ministry is an important/very important actor.

### Types of governance

Interviews revealed that none of the parent ministries in the case studies have immediate incentives to engage in substantial control, nor do they have the resources necessary to keep up professionally. Therefore, with little hesitation the four ministries recognize their dependency on the subordinate organizations, not only in professional matters but also in rule making and policy formulation. When ministerial possibilities of engaging in control of policy substance are limited, but ministries are still supposed to govern subordinate organizations, how do they do it?

The Royal Theatre and the National Hospital are subject to *compensatory governance*. This is particularly conspicuous in the case of the Royal Theatre. The artistic domain is sacred and no control actor outside the theatre (apart from reviewers) dares to interfere. Art and finances are separated, externally as well as internally. The same applies to art and politics. The Royal Theatre does not seem to form part of a specific culture or art policy. For various reasons the theatre consistently produces problems at the political

level which – reinforced by the public nature of the theatre – creates a political need for governance.

Since this need for governance cannot be satisfied by controlling art itself, governance must be directed toward aspects of the theatre, that are controllable, and that it is legitimate to control. That is the crux of compensatory governance – in this case, the theatre's financial administration, pay and pension schemes, cost reduction measures, and organizational structure.

In the case of the Danish Seed Testing Station we find *indicator governance*. The ministry is not watching over the organization's production directly but relying on a number of indicators on the *absence* of problems. Everything is supposed to be all right, if the users don't complain, if no questions are brought up in Parliament, if negotiations in the Seed Testing Commission runs smoothly, and if the Seed Testing Station complies with administrative rules.

Indicator governance is systemic rather than output oriented. But it assumes the existence of a self-regulating system. Smaller deviations must be self-corrected. If all indicators frequently flash red, indicator governance easily breaks down and must be replaced with something else. And it assumes that fairly reliable indicators exist. These two assumptions seem to be met in the case of the Seed Testing Station.

In the National Labour Inspection Agency we find *integrated governance*, i.e. political and professional aspects are integrated, implying that professionalism is at least partly politically defined. There is a number of reasons for this. First, the professionalization of the field post-dates the interest organizations themselves. Therefore, professionalization has, in part, developed within a 'negotiated framework.' Second, the agency's inspectors are confronted with conflicting parties when visiting workplaces and in many cases a solution cannot be imposed but has to be negotiated. Third, as no clear paradigm exists for evaluating working environment, professionalism is vulnerable. Fourth, the classification of a specific working environment as illegal easily implies future costs such as disablement pension and costs of restoring the working environment.

Moving from compensatory governance to integrated governance, emphasis on the nature of output increases. This is related to the type of general outcome of the focal organization. At the Royal Theatre and the National Hospital, product profile, standard setting, and capital accumulation are more important than at the National Labour Inspection Agency and the Danish Seed Testing Station where policy goals are more prominent.

The survey reflected several of the patterns described (Foss Hansen 1994). First, most of the ministries refrain from engaging in control of output. Only 29 per cent of the population says their parent ministry takes an interest in the nature and contents of the outcome produced. Rather, the ministries focus on administrative order (65 per cent), allocation and utilization of resources (63 per cent), and satisfaction among users (48 per cent) and inter-

est organizations (41 per cent). In general, compensatory governance (resource allocation and administrative order) and indicator governance (satisfied users and interest organizations) prove more important than output control.

Second, to a large extent we rediscovered the differences in patterns of governance identified in the case study. Thus, the Ministry of Culture applies compensatory governance to all organizations within its domain, whereas the Ministry of Agriculture emphasizes indicator governance rather than compensatory governance. Finally, the Ministry of Labour applies integrated governance to all organizations in its domain.

### WHAT HAPPENED TO 'THE STATE'?

First, if we let the 'state' be represented by the parent ministries, which makes sense in a parliamentary system with direct ministerial responsibility, survey data tell us that the state must face the fact of being equal or less important to public organizations than primary users, user organizations and professional organizations, i.e. actors rather more closely related to the production and consumption network. The case studies show that public organizations seek to achieve legitimacy through the satisfaction of users and by allying themselves with powerful non-state actors in the negotiation and diplomacy network. Public organizations have multiple constituencies leaving the state to a relatively humble position.

Second, the unobtrusive position of the state is further emphasized by the parent ministries' modest interest in organizational results compared to their great interest in proper resource allocation, administrative order, and the satisfaction of other actors, all of which facilitates the political role of public organizations.

The National Labour Inspection Agency develops policies in close collaboration with interest organizations and experts. The legal foundation is framework legislation, and the National Labour Inspection Agency clearly plays a part in gradually completing this framework with regulations and practices through testing limits and moving political boundaries. Just how far can interest organizations and politicians be taken? When and how do media react to certain issues?

The Danish Seed Testing Station does not make policy through its daily production, its tasks being far too unequivocal and well-defined. However, in developing new control tasks, the Danish Seed Testing Station is in a strong position. Indeed, the Ministry of Agriculture formulates the regulations, but the professional expertise, the close contact with the industry and international organizations belong to the Danish Seed Testing Station.

At the National Hospital and the Royal Theatre the everyday practice is fairly important in making policies. The argument is that because of the vast professional discretion characterizing these areas, theatre policy and health policy are substantially determined in the production and consump-

tion network. Consequently, the factual production *is* simply the pursued policy.

Third, the classic narrative about representative democracy tells us that input to the public sector is channelled through political parties, Parliament and government to ministers giving orders to public organizations. It may well be questioned whether the input-side is the most significant channel for aggregating and transforming preferences (Egeberg 1978). We argue that most input penetrates the state in its *output*-side, i.e. in public organizations producing outputs which affect citizens and firms.

In this context the production and consumption network plays an important role. If we are to understand what changes public organizations, we have to look into the micro physics of the state. Essential inputs to the National Hospital are developments within the medical profession, the medical-technical expertise, and development in diseases. Artistic trends and long-term audience preferences change the Royal Theatre. The definition of a 'good working environment' is tested in the daily negotiations between the National Labour Inspection Agency and the workplaces.

Very little of all this passes down through ministers. Instead, significant input oozes into the public sector in thousands of capillaries every day. Some of it grows strong and one day becomes official policy.

Fourth, taken as a whole, the state appears to be highly differentiated. Public organizations are imbedded in very different networks and the interplay between the networks differs across organizations. They are also subject to varied modes of governance. Further, if public organizations are put into existence because they are needed as policy instruments, it must be noted that their reliability differs.

The Danish Seed Testing Station appears to be the most reliable policy instrument. The production core is highly routinized and output is relatively simple and measurable. The management is result-oriented, most output is priced, and it is facing direct competition from similar private organizations. These machine-like properties make the organization a reliable policy instrument. Ironically, it is the only one of the four organizations studied which has faced threats of privatization.

In contrast, the production core of the Royal Theatre is characterized by non-routine technology including a high number of un-foreseen co-ordination problems. This complex production form absorbs managerial time and energy. Hence, the theatre becomes introvert and difficult to affect in a predictable way, making the theatre an unreliable policy instrument.

Finally, one could claim the state – like other social systems – to be a social construction and that a consciousness of the state is a precondition for its existence. We therefore need to ask the following essential questions. Does the notion of 'state' mean anything to public organizations? To what extent are the organizations aware of being 'authorities' themselves? Does 'ministry' mean anything? Or is the ministry merely a distant and irrelevant actor?

Analytically this implied that we 'reset the clock', i.e. putting superordinate authorities on an equal footing with other parts of organizational environment. This is not to disregard the notion of 'state' in constructions of reality; instead 'state' is made a 'variable'. This method not only allows us to view an unobtrusive state but, just as important, a state whose importance and behaviour vary according to which organization we take as our point of departure. One may well ask whether it is the same state we see when zapping from one organization to the other. Whereas Stillman (1991) points to the strong 'statehood' of European states, our analysis suggests the emergence of varying degrees of 'statelessness'. Viewed from a post-modern perspective there are indeed multiple 'small states', whereas 'the grand state' has become hyper-reality.

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### APPENDIX: METHOD AND DATA

The empirical basis comprises four case studies and a survey of Danish public organizations. All are owned and controlled by central government and produce services directly to users or regulate user behaviour.

The four organizations studied are The Royal Theatre, The Danish Seed Testing Station, The National Labour Inspection Agency and The National Hospital. They were chosen for detailed study for two reasons. First, besides sharing formal features as mentioned above, they were expected to vary a great deal with regard to organizational goals, constituencies, primary production processes, and modes of governance. Second, none of them are newly established. The youngest organization, The National Labour Inspection Agency, was established at the turn of this century. Consequently, they have all had a chance to develop their own institutional identity and stable networks with the environment.

The case data comprised (a) interviews, ranging from 20 to 40 per organization, at all organizational levels and in significant parts of the environment; (b) documents, including the annual budget documents, laws and regulations, strategic plans, internal regulations, minutes from parliamentary debates, and historic material; (c) participant observation, including meetings of management at several levels, committee meetings, and extensive site visits; (d) and photographing of observed meetings, primary production processes, and organization-user encounters. In all of the organizations, analyses and slide shows presenting the organization in question were discussed with members, thereby obtaining further data and organizational self-interpretation. The case studies are presented and analysed in

Antonsen (1989), Beck Jørgensen and Melander (1992) and Beck Jørgensen (1988, 1993, 1996).

The survey includes all public agencies within central government. Core departments with mainly policy-making responsibilities were excluded from the survey. The questionnaire had four parts, covering: (a) management and control; (b) administration and budgets; (c) tasks and environment; and (d) organization and staff. The questionnaire went to 146 organizations of which 96 responded to *all* parts of the questionnaire, giving a response rate of 66 per cent. The respondents were executive personnel, either the top manager or the head of finance and personnel (for the relevant part of the questionnaire). The questions were designed as statements the respondent was asked to evaluate on a five-point scale, thereby indicating the importance the respondent ascribed to the statement. All percentages used in this article are constructed by adding the second highest and the highest score (for example 'important', 'very important'). Basic documentation of the survey can be found in Antonsen *et al.* (1990). Analyses of survey data are published in Antonsen and Foss Hansen (1992), Melander (1993), Beck Jørgensen and Nexø Jensen (1992), Nexø Jensen (1997), and Antonsen and Beck Jørgensen (1997). Foss Hansen (1994) comprises analyses of both case studies and survey data.

The case studies took place in 1986–1988. Based on preliminary analyses the survey was launched in 1989–1990. The age of data would be a problem if used only for descriptive purposes. In the present conceptual oriented article, however, data age presents no problem. Data are confined to governmental organizations. Public organizations at municipal and county level are not included. Undoubtedly, municipal and county organizations such as public works, schools, libraries, and hospitals could also be studied from the same perspective which is why we maintain the term 'public organization' throughout the article.

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# POLITICAL RESPONSIBILITY FOR BUREAUCRATIC INCOMPETENCE: TRAGEDY AT CAVE CREEK

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In April 1995 a viewing platform built by the Department of Conservation collapsed at a New Zealand wilderness location, Cave Creek, plummeting 14 people to their deaths. The tragedy was unprecedented in New Zealand public administration. This article examines the concepts of political accountability and responsibility in the light of the disaster and the findings of the commission of inquiry into it. It does so with reference to the New Zealand state sector reforms, and theoretical and conceptual contributions to the understanding of (public) policy fiascos and disasters. Although public accountability requirements were fulfilled in the case of Cave Creek there was an unsatisfactory resolution of political responsibility. A fuller appreciation of *vindictive* political responsibility is needed in tragic cases of this kind where the humanity and justice of impersonal governmental systems need to be at least symbolically affirmed. However, the prospects for such a wider sense of proportion may not be enhanced in a managerialist era.

## INTRODUCTION

On 28 April 1995, in a wilderness area of New Zealand's South Island, 18 people were standing on a viewing platform when it collapsed, plummeting them 30 metres below on to rocks in a cavern-like resurgence known as Cave Creek. Fourteen of them died, 10 almost immediately. Another was left a paraplegic, and the other three survived with only moderate injuries. All but one of those on the platform at the time of its collapse were members of a polytechnic outdoor recreation course, on a geology field trip. The other was a Department of Conservation (DOC) staff member. The ages of those killed ranged from 17 to 31.

The three-metres square wooden platform had been built by the Department of Conservation about a year earlier. DOC itself had been established in 1987, as part of a major reorganization of environmental administration, a component of the far-reaching state sector reforms carried out by the fourth Labour government, 1984–90. The department is required not only to preserve and enhance selected natural resources, but also to provide for the use of these resources by the public. It administers most of the Crown

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land in New Zealand that is protected for scenic, scientific, historic, or cultural reasons, or set aside for recreation. This comprises almost a third of New Zealand's total land area, of about 266,000 square kilometres, including national and forest parks, with some 900 huts, and about 10,000 kilometres of tracks.

A commission of inquiry into what has become known as the Cave Creek tragedy reported late in 1995. It found that, the 'proximate or dominant cause' of the collapse was the failure to build the platform in accordance with sound building practice; and that DOC's failure to maintain an adequate project management system was 'the most significant secondary cause.' The victims were in no way responsible for their fate.

This article examines this case in the light of some of the ideas developed by writers on public policy failures and accidents, notably Perrow (1984) and Bovens and 'tHart (1996). It will connect these insights to issues of accountability and responsibility in public organizations, especially government departments that operate within the so-called Westminster tradition. It will argue that in answering the question posed by Bovens and 'tHart, 'Who is to pay?' (1996, p. 141), the Cave Creek case shows why accountability and responsibility are related though differing ideas, and why the broader notion of responsibility requires that someone be seen to pay publicly for administrative failures that produce such tragic, unintended consequences.

### **WHAT HAPPENED? HOW? WHAT WENT WRONG? WHO SHOULD PAY?**

Cave Creek was an example of what Bovens and 'tHart (1996, p. 135) call an 'instant failure' – an episode 'concentrated in place and time where the evidence of failure is immediate and unmistakable, such as industrial accidents, mass transportation disasters, and social breakdowns such as street riots and prison revolts.' The commission of inquiry, conducted by a district court judge (G.S. Noble), found that the platform failed because it had been incompetently constructed by a group of local DOC workers (Noble 1995). The commission also found 'substantial systemic failure' within the department: procedures that would have ensured the platform was properly built were either not in place or had not been followed. According to the commission, DOC had been 'malformed at birth', and while a lack of funds was not a cause of the tragedy, the platform had been 'conceived and built within a [departmental] culture developed to do more with less' (Noble 1995, p. 74).

Bovens and 'tHart (1996, pp. 62–3) offer two main ways of reconstructing policy events: forward-mapping and backward-mapping approaches. The former starts from the policy conception stage and traces events through to implementation 'on the ground', highlighting any mismatch between intentions and outcomes. The latter, which according to Bovens and 'tHart has gained prominence since the late 1970s, also identifies any such mis-

matches, but focuses on how problems faced at the implementation stage might have their origins earlier in the policy process. The backward-mapping approach 'is more likely to be sympathetic to the lower levels of the policymaking machinery, highlighting as it does the constraints on their actions by circumstances not of their own making and decisions taken by higher-ups' (p. 69).

At the time of the tragedy, DOC was a highly devolved organization, comprising 14 regional conservancies. The department's establishment had brought together virtually all of the government's conservation functions, earlier distributed across six departments and agencies. The commission of inquiry's forward-mapping view pointed out that the tragedy would not have occurred if the four DOC workers who built the platform had noticed that its construction required much higher levels of geo-technical expertise than they themselves were able to offer. Forward-mapping highlighted the failure of their immediate superiors in the conservancy to ensure that the design and construction of the platform followed the provisions of the Building Act. (These required DOC to have gained design and building approval from the local territorial authority, but it failed to do so.) Forward-mapping perspectives tended to down-play the responsibility of head office personnel, including the chief executive, and of the government of the day, in particular the Minister of Conservation. Had the Building Act been complied with before, during, and after its construction then the platform would have been safe.

A backward-mapping view was also given by the commission of inquiry. This highlighted the so-called 'systemic failure' to ensure that such constructions complied with the Building Act (and the Health and Safety in Employment Act). This view also pointed up what the commission considered to be 'faults in the process of government departmental reforms' (Noble 1995, p. 159). Judge Noble argued that 'something was lost in the transfer of responsibility from the old departments to the new' (p. 26). Some of the functions of the former New Zealand Forest Service had been incorporated into DOC in 1987, but these did not include the service's 'carefully structured system using appropriately skilled employees for designing and building quality structures' (p. 26). Whereas forward-mapping presented the West Coast conservancy as almost solely delinquent in this regard, backward-mapping revealed that there were similar management failures in other conservancies as well, and that DOC's head office had to accept responsibility for these shortcomings. Backward-mapping also raised questions about the minister's responsibility for alleged under-funding of the department. In Judge Noble's words, 'Here, the evidence is clear that [DOC] lacked and continues to lack those resources' (p. 159). Backward-mapping also linked the tragedy to the previous Labour government, which as part of its state sector reforms abolished the Ministry of Works and Development, a powerful agency responsible for, among other things, advising government on technical and safety standards on public sector building

construction. Arguably, the Cave Creek platform would never have been built the way it was under the regime of this former ministry (see, for example, McRae 1986; Norman 1988).

As Bovens and 'tHart (p. 141) point out, 'The use of the term fiasco implies that someone ought to pay for a failure, and the prefix of "policy" implies that the bill should be sent to the government.' As it turned out, however, neither forward-mapping nor backward-mapping answers to the question, 'what went wrong?', provided any firm conclusions as to *who* in 'the government' should pay. The commission found that while 'the department' had been negligent, it could not apportion blame among any individuals within it. As a crown agency, DOC could not be prosecuted for criminal negligence. The commission argued that the four people who had built the platform had not been negligent in doing so to the extent that would render them liable to prosecution. No charges of criminal negligence were brought against any individual. Although the commission found that DOC had failed to comply with the Building Act and the Health and Safety in Employment Act it was exempt from prosecution under these Acts (a situation that Noble recommended be changed). However, 'the government' did agree to pay compensatory damages to the families of those who died and to injured victims.

In sum, unlike many other fiascos/tragedies involving large bureaucratic organizations (see Bovens and 'tHart 1996; Perrow 1984; Reason 1990; Shiels 1991), in the case of Cave Creek the commission of inquiry's forensic analysis clearly identified the causes of the disaster. Despite this, clear answers to the question of who should pay remained politically elusive.

### MAPPING 'ACCOUNTABILITY'

In view of the great public attention paid to such an 'instant failure', answers to the question of who should pay were intensely political; and as Bovens and 'tHart (1996, p. 141) suggest, discussion of them demands 'a sensitivity to the uses of political symbols'. In New Zealand, the state sector reforms of the late 1980s and the rhetoric surrounding them had invoked four main sets of symbolic constructions addressing 'accountability' issues.

#### The theory of ministerial responsibility

One symbol was 'ministerial responsibility'. The reforms had been intended, in part, to dissipate the 'enveloping haze' that according to one of their architects had come to surround this doctrine in New Zealand (Palmer 1987, p. 56). If such a haze could not be dispelled in the case of Cave Creek, unprecedented as it was in New Zealand public administration in terms of the stark causal relationship between departmental failure and citizen deaths, when could it be? But there was no clearing of the haze. The forward-mapping interpretation of ministerial responsibility attributed blame *away* from the Minister of Conservation. In this view, under the terms of the contractual relationship between a minister and his/her chief execu-

tive, based on a reassertion of the old 'policy/administration' dichotomy, the minister could not be held responsible for the failure of DOC's chief executive and his staff to ensure that systems were in place to guarantee that the platform was correctly and safely built (Capper, Crook and Wilson 1996; Hunt 1996). On the other hand, the backward-mapping view stressed that while the minister was accountable to Parliament and the public for the actions of his departmental staff, he also had to accept responsibility for the tragedy, if only on the grounds that inadequate funding of DOC had reinforced a culture of trying to do more with less (Brett 1996).

Both forward and backward-mapping interpretations of the theory of ministerial responsibility evoked widespread calls for retribution. When Judge Noble's report was released the Minister of Conservation publicly expressed his 'profound sorrow' for what had happened. He resigned from his conservation portfolio more than a year after the tragedy, to 'express my sorrow for what happened that fateful day at Cave Creek'. He assured the public that he had taken steps to put things right in the department. However, as his resignation came only four months before a general election it was seen by many as a cynical ploy, particularly as he remained a full member of Cabinet in another portfolio. Palmer and Palmer (1997, p. 74) have described it as 'a puzzling addition to the annals of ministerial responsibility in New Zealand'. For his part, at the time of the tragedy, DOC's chief executive (a long-standing career public servant) accepted full departmental responsibility for it, an action justly commended by one major newspaper as 'an example of public service probity that deserves to be emulated' (*The Dominion*, 4 May 1995). He resigned nearly two years after the tragedy, when his contract still had a year to run.

Both men had argued strongly that the doctrine of ministerial responsibility required them to stay in their jobs to see that managerial systems, and funding levels, were improved lest such a disaster recur. This forward-mapping interpretation thus placed rectification ahead of resignation. Putting things right was seen to be the prime responsibility of those who exercised vicarious responsibility for the actions or inactions of subordinates (Stone 1995).

The 'decoupling' philosophy that had been at the centre of the state sector reforms, placing ministers and chief executives in a more 'arms-length' relationship, seemed to justify the minister's stance rather than the chief executive's. In both cases, however, the rectification argument appeared to be self-serving rather than public-serving. The only principal to make an almost immediate public gesture of responsibility was the relevant regional conservator, who resigned his position not long after the disaster, as a 'gesture of reconciliation'.

### **Outputs and outcomes**

Neither the terms nor language of the two principal pieces of legislation underpinning the state sector reforms offered conclusive resolution, despite

their promise of enhancing 'accountability' (Boston *et al.* 1996; Scott 1995; Scott and Gorringer 1989). The Public Finance Act distinguishes between the goods and services produced by a department (outputs) and the effects of those outputs on the community (outcomes).

However, about the only certainty was that the platform was an output that produced a precise outcome: 14 dead and four injured. But should the minister pay because he purchased a lethal platform? (In the words of one Member of Parliament, DOC had built a death-trap but called it a viewing platform.) Should the chief executive pay because he was responsible for the production of this 'output'? As Schick (1996, p. 62) later observed, 'The output-outcome nexus . . . bifurcates government into two compartments: management and politics.' Cave Creek has shown that the resurrection of the politics/administration dichotomy in the language of modern managerialism has been no more successful in apportioning blame than recourse to the theory of ministerial responsibility.

### Agency theory

The New Zealand reforms have drawn heavily on agency theory (see, for example, Moe 1984, 1990, 1991) as a means of enhancing accountability. Formal contractual relationships are now used to ensure that bureaucratic 'agents' do the bidding of their political 'principals', that bureaucratic subordinates comply with their superiors, and that the 'contracting out' of governmental services takes place in line with the purchasers' interests (Boston (ed.) 1995; Boston *et al.* 1996).

Departmental chief executives are appointed on renewable contracts of up to five years. These appointments are the responsibility of the State Services Commission (SSC), a central agency which assesses the performance of chief executives each year, in terms of the performance agreements they have with their portfolio ministers.

DOC's chief executive, who had been in his position for five years before the tragedy, had a clear duty under his contract to ensure not only the efficient management of his department but also the safety of people on the department's premises (Laking 1996). Despite this, agency theory was unable to deliver a clear answer to the question, 'who should pay?' The reviews of his performance that had been carried out by the SSC prior to the tragedy found that DOC's chief executive had been doing a good job, especially in improving the department's systems of financial management. State Services Commission reviews of DOC and its chief executive after the release of Judge Noble's report found no grounds for seeking the departmental head's resignation:

In the State Service Commissioner's assessment [the chief executive] has either exceeded or met the performance required of an able and competent Public Service Chief Executive . . . We believe he has performed well and endorse [the Commissioner's] assessment. Nevertheless, as noted in this report, there are some areas where a more proactive or

strategic approach could have been more effective ... (State Services Commission 1995, p. 33).

### **Risk management**

Mary Douglas has argued of contemporary political discourse:

The language of risk is reserved as a specialized lexical register for political talk about the undesirable outcomes. Risk is invoked for a modern-styled riposte against abuse of power. The charge of causing risk is a stick to beat authority, to make lazy bureaucrats sit up, to exact restitution for victims. For those purposes *danger* would once have been the right word, but plain *danger* does not have the aura of science or afford the pretension of a possible precise calculation (Douglas 1992, pp. 24–5).

In providing the 'output' of public access to wilderness areas DOC 'produced' such risk (the danger of negative outcomes) to its own staff and to members of the public. DOC's senior management's task was to keep this risk to a minimum, by ensuring as far as possible that potentially dangerous contingencies were foreseen and circumvented. The Minister of Conservation on the other hand was responsible for ensuring that the 'outputs' that he purchased would meet a standard of safety sufficient to guarantee that the policy outcomes were not 'negative'.

DOC is, in Perrow's terms (1984, p. 332), a multi-goal, interactively complex, and loosely coupled organization (see his matrix, reproduced in figure 1 below). Loose coupling means that if something goes wrong – such as the failure to seek proper building approval – later correction remains possible. As Perrow points out, 'nor do things have to be in a precise order' (1984, p. 98). Interactive complexity refers to the lack of a tight linear structure and the high probability of unexpected synergistic (possibly negative) interactions among component parts. In DOC, for example, regional conservancy staff were required to administer a wide range of diverse departmental functions, including land and resource management, wildlife and plant conservation, pest control, and recreation facilities and services; and a group of local staffers, all incompetent in the task, had proceeded to build the platform at Cave Creek.

There was much that had the potential to go wrong. Accordingly, there were strong managerial incentives – in theory at least – to ensure that control systems were working to reduce to a minimum the potential for failure. But even had DOC management done everything to make sure that the systems were in place to maximize safety, such is the nature of a loosely coupled interactively complex organization that something is always likely to go awry. Unlike the situation in a tightly coupled interactively linear organization there is usually the time and means of correcting it if it does. Those who hold the top positions of responsibility in organizations like DOC therefore face higher levels of uncertainty, in terms of their capacities to control behaviour and events; but against this they have greater means



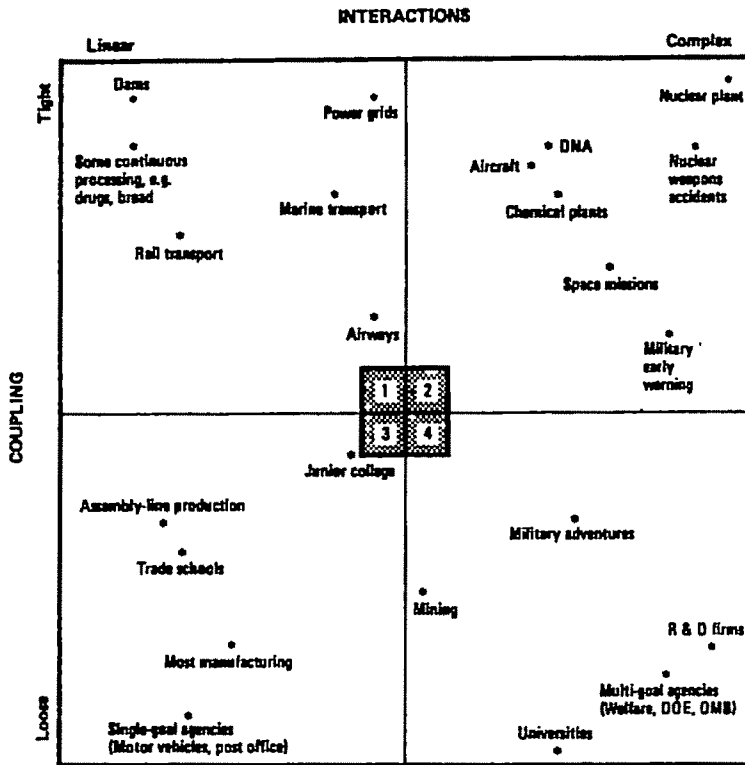


FIGURE 1 Perrow's Interactions/coupling chart

Source: C. Perrow. 1984. *Normal accidents: living with high-risk technologies*. New York: Basic Books.

of ensuring that potential problems, disasters, or fiascos can be avoided once they begin to transpire.

Seen in this light the tragedy of Cave Creek is a dramatic failure of organizational management at both the central and regional levels. Over a two-year period steps could have been taken at any time to correct the design and construction errors that had already been committed. The commission of inquiry pointed to at least two opportunities for corrective action. On a visit to the site nine months before the tragedy DOC's regional head asked his subordinates to check that the necessary building consents had been obtained. These instructions were not followed up, and the commission observed that the need for a building consent was regarded as an administrative issue rather than one of safety. Further, a day before the platform collapsed, a DOC officer who was standing on it with another group of students felt it move. She notified a colleague of this (who died in the collapse the following day) but because she was not versed in construction matters never thought that the platform was unsafe. (She later

received an honours award in recognition of her presence of mind immediately after the platform collapsed, when she was standing nearby and took action to help organize rescue services.)

High public officials may be willing to accept responsibility only for those consequences that they *intend* to happen, and may try to evade it when they are faced with negative unintended consequences. However, the political risk of undesirable and even unforeseeable consequences is always present, given the nature of the tasks undertaken by public organizations like DOC.

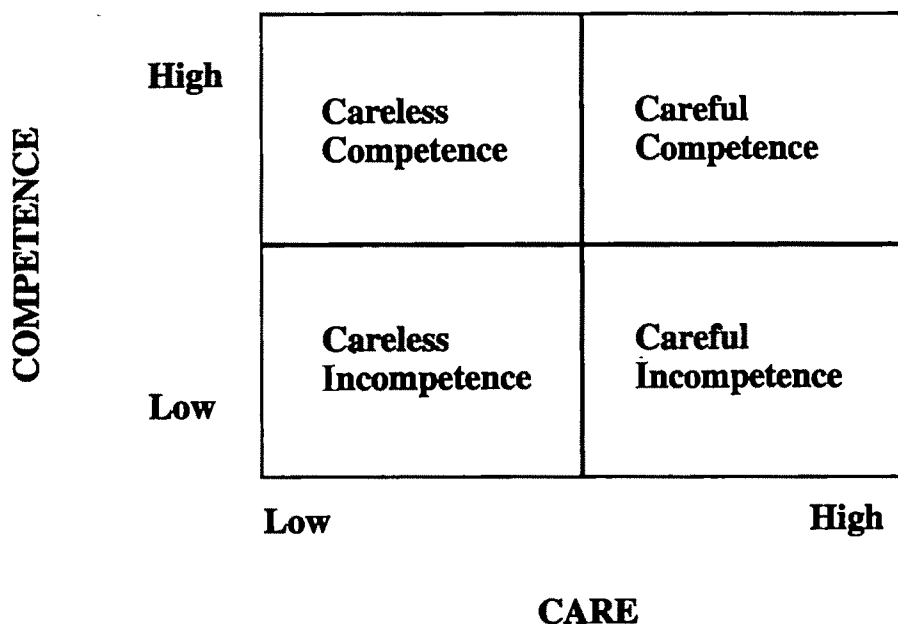
When the field-trip group stood on the viewing platform at Cave Creek their physical safety was clearly at great risk; but they were entitled to believe that DOC would have ensured that the platform was safe. Subsequent events showed no correlation between the perilous position in which they unknowingly placed their lives and the willingness of either the minister or the chief executive to knowingly accept the risks of office that their respective tenures entailed. Their reluctance to pay any personal price for the tragedy suggested little appreciation of the fact that the powers of high office are risk-laden, and that the financial and other rewards of office mark not only the degree of responsibility but also the scope of the risk.

### SYSTEMIC FAILURE OR BUREAUCRATIC INCOMPETENCE?

The case of Cave Creek has assumed an almost bizarre character. In finding that no one individual's performance had fallen below the duty of care required by either the Building Act or the Crimes Act, Judge Noble seemed to unwittingly introduce into the bureaucratic lexicon the notion of 'careful incompetence'.

The concept is absurd and of no use in addressing issues of accountability and responsibility. When people make a journey by aircraft, for example, they rightfully expect that the flight-crew in whom they tacitly place their trust will have been appointed to their positions on the basis of their professional competence, and they will do their job with care and diligence. Passengers do not want to fly with a flight-crew that is competent but careless (let alone with one that is careless and incompetent). Nor do they wish to take off with a flight-crew that is careful but does not know how to fly the plane, even though it is careful to do the best it can. The 18 people who walked on to the platform at Cave Creek undoubtedly had the same tacit trust in DOC's competence. So the idea of 'careful competence' (see figure 2 below) is the only valid standard against which to gauge the actions of those directly implicated in the tragedy at Cave Creek. The platform could only have been built the way it was by people described by Lucas (1993, p. 201) as 'well-meaning incompetents.'

Ott and Shafritz (1994) argue that organizational incompetence stems from and is sustained by organizational culture, and is changed by altering this culture, rather than individuals. DOC's culture of 'doing more with

FIGURE 2 *Care and competence*

less' may have been a source of more widespread organizational incompetence than was revealed by the single example of Cave Creek. The evidence was that such 'systemic failure' was not confined to one regional conservancy, and that the safety of other DOC constructions may also have warranted closer scrutiny. The department carried out such inspections after Cave Creek, but the full results are not publicly known.

So what does 'systemic failure' actually mean? There are three possible interpretations. One is that a system of procedural and technical controls is faulty in design, and therefore inadequate in preventing undesirable outcomes. Another is that although such a control system is adequately designed, operators fail to comply with it. And lastly, 'systemic failure' may mean that an adequate control system has not been put in place at all, so in its absence operators have nothing to comply with. Only the first of these can rightly be regarded as genuine systemic failure. In the other two cases it is really human error or malfeasance that is at issue – in the last instance because managers, for example, have failed to put the system in place. A system that is not in place cannot 'fail'. (Nor with Cave Creek was there any 'systemic' reason why management could not have implemented such control systems in the first place.)

The commission of inquiry's finding of 'systemic failure' promoted a reified conception of responsibility borne by an impersonal entity. Such interpretations reinforce the tendency to see large organizations as abstract entities with a life of their own. Clearly, however, it was a failure of individ-

ual performance that lay at the heart of this disaster. Those people who actually built the platform were not competent to do so; but nor had their superiors, both in the region and at head office, displayed competence in ensuring through adequate systemic design that the constructions complied with the Building Act. In this case it is almost as if the viewing platform designed and built itself. This sort of conceptualization fudges rather than clarifies issues of accountability and responsibility.

### ACCOUNTABLE BUT NOT RESPONSIBLE

Bureaucracies, in Arendt's (1963, p. 289) words, constitute the 'rule of Nobody', if left to their own devices. The political community must strive to ensure that in a democratic society bureaucratic power is exercised both *accountably* and *responsibly*. The two ideas, though interconnected, are not synonymous. As the author has argued elsewhere, 'Accountability is the need to account for – to explain, justify, or tell a story about – one's actions to one's superiors in the hierarchical chain of command' (Gregory 1995, p. 19; Gregory 1995a). Accountability is *answerability*; but the story that one tells one's superiors may be either true or false, which means that many organizations – especially where the nature of the job gives operatives considerable discretionary authority – face major monitoring problems (Kaufman 1973). This is the 'moral hazard' which occupies the minds of agency theorists. If the account is true then we may speak of accountability as *truth-telling*; if false, then we are likely to be speaking of accountability as *self-protection*.

In a hierarchical context a person is required to provide an account of those duties they are entrusted to carry out. Among these duties may be the need to see that subordinates carry out their duties as well. In this sense a superior must accept responsibility for the (in)actions of his or her subordinates. Thus, responsibility is a duty of obligation; but it may involve conflicting duties of obligation, that is, responsibilities not just for carrying out allotted duties, but also for considering how these may impinge upon a sense of personal obligation which pulls in other directions: to one's conscience, moral code, to 'the public interest', and so on. This is the stuff of moral dilemmas.

As Stone (1995) argues, accountability is about legitimizing the use of administrative discretion. Those who built the Cave Creek viewing platform were exercising their discretion in the field, beyond any close managerial supervision. Had they followed the necessary (but virtually non-existent) control procedures the tragedy would not have occurred (Capper, Crook and Wilson 1996); but it was not *bound* to occur in the absence of those procedures or as a result of any failure to comply with them. The collapse occurred because DOC officers, both top management and those who actually built the platform, were accountable but not responsible. This distinction was largely overlooked in the public debate, which generally

bemoaned a lack of public 'accountability' for the event (see for example, Hunt 1996).

Accountability requirements, as truth-telling rather than self-protection, were well fulfilled *after* the tragedy occurred. The fact that control procedures were not followed *before* the disaster was a failure of accountability, inevitable to the extent that such procedures were not in place to begin with. No account of the design and building actions would be given, true or otherwise, if it was not required. It must be noted too that at least one important account given was false. The commission of inquiry disclosed that when local DOC officers considered applying for a retrospective building permit they were working with plans that did not accurately describe how the platform had been built.

The degree of responsibility exhibited by the principals was much less convincing than their willingness to be accountable. In Lucas's words:

A responsible person is one who can be left in charge, who can be relied on to cope, who will not slope off, leaving the job undone, or switch off, leaving the business unattended to. So long as a responsible person is responsible, you can sleep easy, knowing that no extra vigilance on your part is called for, and that he will see to it that all goes well.

'Responsible' in this sense is an adjective, denoting a quality of character and mind, not a position within a web of dialectical obligation . . . . It is a term of high commendation, though from an external point of view. We want to have responsible people about in positions of authority, performing their duties reliably and well (Lucas 1993, p. 11).

When set against this interpretation, accountability – the need to answer for one's (in)actions – is best understood as a necessary but not a sufficient condition of responsibility. As in Cave Creek, it is entirely possible for public officials (and others) to be accountable but not responsible, to be accountable but *irresponsible*.

Hence, four DOC workers came together for the job as part of an all-hands-to-the-wheel culture, in which staff members moved beyond their main duties to assist others as and when necessary. This particular working party acted collegially, with no-one clearly in charge. A bag of bolts intended for the job was discovered after the collapse, in bush near the site. A length of steel that was to have been used to secure the platform to concrete steps acting as a counterweight was not taken to the site, and the platform was never bound to the counterweight. The four men built a cantilevered platform without stopping to think that this construction was unlike others they were familiar with which stood four-square on firm ground. According to Judge Noble, in reference to the 30-metre drop over which the platform was erected, 'Experienced staff saw what they expected to be there, not what was there'. This was a failure to engage in what Schon (1983) has called 'reflection-in-action'. Or in Perrow's terms, their 'rational' decisions were based on a wrong *a priori* contextualization; 'If a situation

is ambiguous, without thinking about it or deciding upon it, we sometimes pick what *seems* to be the most familiar context, and only then do we begin to consciously reason' (1984, p. 318. Emphasis in original). In failing to think adequately, especially in circumstances where the realities of the situation ought to have been clearly evident to them, those who built the platform acted irresponsibly, individually and collectively.

DOC's chief executive and certain of his senior managers were also accountable but not responsible in *their* inactions. Less clear, perhaps, was the extent of the minister's failure to act responsibly. On the one hand, under the terms of the State Sector Act and the Public Finance Act, the job of ensuring safety standards in DOC constructions had been handed over to the chief executive, who should have ensured that no such death-trap would have been built (regardless of low or inadequate departmental funding). On the other hand, under a literal interpretation of the Public Finance Act the minister was irresponsible in the sense that he could not be trusted not to 'purchase' a highly unsafe viewing platform as a departmental 'output'.

### VINDICATIVE POLITICAL RESPONSIBILITY

Political responsibility remained inadequately fulfilled since there was no gesture made that could demonstrate with sufficient symbolic force that at least one principal in this major public drama was willingly prepared to pay a major price. As it was, the pleas by the minister and the chief executive that they were acting responsibly by staying on to make sure that things were put right could be seen as self-serving rather than public-serving. Why can their response be considered inadequate?

### The uncaring nature of impersonal systems

The impression that large governmental bureaucracies are effectively beyond anyone's control is not without substance, but at the same time the need for political legitimacy demands that at least a symbolic level of democratic control is maintained. At Cave Creek a department of state killed and injured a group of citizens. While many other governmental acts of commission or omission may seriously harm, even kill, citizens, here it was clear and unambiguous. In such a case the duty of official responsibility is in the first instance to take steps to ensure as far as possible that there can be no recurrence. In the second it should be about demonstrating with symbolic force that impersonal governmental systems are guided ultimately by standards of justice and fairness, and remain in sympathetic touch with the real feelings of the citizens they are supposed to serve. In failing to resign promptly and convincingly the minister and the chief executive only reinforced the perception that dehumanized systems may work competently or incompetently but to the extent that they are dehumanized they are therefore to that degree incapable of caring.

**'The necessary myth of guilt at the top'**

Allied to the above is what Bovens and 'tHart call 'the political paradox of achievement' (1996, pp. 37–9): the fact that especially since the Second World War societal demands on governments have carried with them increasingly high standards for judging their actual performance. Politicians and bureaucrats help foster these expectations by sustaining the myth of 'rational, just, and omnipotent governance' (p. 39). This has clear implications for official responsibility. Either politicians and officials must be prepared to admit failure and accept the consequences when things go manifestly wrong, since failure is by definition a mark of their incompetence, or they may seek to lower expectations of governmental capabilities, and so reduce the risk to their own personal interests. They cannot have their cake and eat it too, which is to say that there can be no valid justification for accepting the rewards when things go well and evading the sanctions when they go badly.

Because much policy making and implementation is about avoiding undesirable outcomes rather than achieving desirable ones public officials often find themselves on 'a hiding to nothing'. As Lucas (1993, p. 206) points out, '... there is nothing most office-holders can show as an achievement they can be proud of. The fact that during their tenure of office they saw to it that no disasters happened escapes notice'. A related point is made by James Q. Wilson (1989), whose concept of organizational 'learned vulnerabilities' is relevant to DOC's experience with Cave Creek. In Wilson's words (pp. 191–2): 'When something goes badly wrong at high political cost the incident enters the agency's memory as a legendary horror story. A great deal of the time and energy of agency officials is devoted to creating mechanisms designed to ensure that the horror never recurs.' When such 'horror stories' occur, as with Cave Creek, it may be that some politicians and officials are literally caught in the wrong place at the wrong time. However, the risk they run as holders of high public office is that their personal interests will need to be sacrificed in the interests of the greater public good. Again, quoting Lucas (1993 p. 188), 'If I undertake responsibility, then not only is it my duty to see to it that bad things do not happen, but I carry the can if, despite my efforts, they do.'

Although (as Max Weber said) modern bureaucracy is the most rational known means of exercising imperative control over human beings, it does so imperfectly. If bosses often find it difficult to ensure that operators do what is expected or commanded of them this is because the latter exercise more discretionary authority than the 'ideal' model might allow. The converse, of course, is that the bosses may not be directly blameworthy when things go wrong. But in the relative absence of non-hierarchical means of executing complex, large-scale tasks, hierarchical principles can be sustained only by what Shklar calls the 'necessary myth' of 'guilt at the top' (1990, pp. 63–4).

'Efficiency' was one of the two main symbols ('accountability' was the

other) invoked in shaping New Zealand's state sector reforms. But the symbolic force of the quest for greater 'efficiency' can only be sustained if those who live by the sword of efficiency are willing also to die by it. There was nothing efficient about the failure to ensure that the Cave Creek platform was built safely.

### **Vindictive personal responsibility**

Much of the public demand for 'accountability' in the case of Cave Creek was driven by a desire for retribution, satiable by the dismissal of one or both of the most visible and senior principals, the minister and the chief executive. However, the questions 'who is to pay, and why?' are not necessarily about the imposition of sanctions. Although dismissal may have satisfied retributive instincts it may also have denied the opportunity for the sort of genuinely responsible action necessary to reaffirm symbolically the integrity of governmental institutions. Such action must be voluntary not imposed. Its imposition may serve only to reinforce perceptions that governmental officials are more concerned with salvaging their own reputations than with serving the broader public interest.

When all is said and done the manifest integrity of governmental systems can be sustained only by the sense of responsibility displayed by those officials, elected and appointed, who lead them. Essential to this is what Lucas (1993, p. 95) calls a 'vindictive account' as distinct from a 'vindicative account'. The former is a communicative rather than a consequentialist action. Because punishment – by way of resignation, for example – is voluntary and not imposed it is for that reason more symbolically efficacious in vindicating 'the community's system of values' (p. 98). In his words:

If I pay out I make it clear to everyone that wrongdoing did not pay: my bad decision has cost me dear. No king would naturally and unconstrainedly submit to flagellation, and if a king does so as a penance, it is very clear to all his subjects that he would not now, in the light of these adventitiously annexed consequences, have made the same decision as he originally did. It is an emphatic disavowal of his deed, and its meaning, thus underscored, cannot be gainsaid by anyone (Lucas 1993, pp. 97–8).

A vindictive account clearly confirms, at least symbolically, that a governmental system is actually capable of caring about those who are victimized by its failings. All this is not to deny that vindictive punishment in the circumstances discussed here may not serve '*pour encourager les autres*', but it cannot serve as the primary means of affirming a sense that governmental institutions actually care. Because it creates in itself an incentive for individuals to evade legitimate responsibility it tends therefore to undermine such a sense.

Clearly, no-one *intended* that people should die at Cave Creek. But as Lucas (1993, p. 277) points out: '... responsibility is not just a physical



concept subject to the standard physical constraints of locality and temporal antecedence, but is, rather, concerned with the significance of actions and their interpretation, where it is perfectly possible for the meaning to be altered *ex post facto*. Cave Creek would have had little or no meaning if the department's compliance systems had remained deficient even though, perhaps by good fortune, no disastrous consequences flowed from this inadequacy. Senior management would have been responsible for this deficiency but would not have been required to give a publicly vindictive account of their responsibility. (Similarly, had the officer who detected movement in the platform the day before it collapsed been able to ensure that access to it was closed off, she would probably not subsequently have received an honours award.) While it would have been unreasonable to expect resignations at a higher level immediately after the platform collapse – while the picture of what happened was still emerging – the appropriate time should have been when the commission of inquiry's report was released. The failure on the part of Cave Creek principals to say sorry in a way that was unmistakably sincere, because they did not believe that their (in)actions directly caused the tragedy, in a real sense enhanced rather than diminished their responsibility for it.

Lastly, vindictive responsibility is not to be confused with cynical scapegoating. Rather, it is the middle-way espoused by Shklar (1990) between that on the one hand, and on the other the no-fault determinism of advanced technological society on the other. As she observes, '... public agents should not be encouraged to feel that they are in the grip of necessity and personally powerless. They can usually perform better and more responsibly than they do and at the very least be guilty of only passive injustice' (Shklar 1990, p. 65).

## PUNISHMENT AND REMEDY

Much of the above argument reverberates in the Westminster doctrine of ministerial responsibility. Ministers are obliged to accept personal responsibility under some circumstances and vicarious responsibility under others; and the trick is to know what can be accepted politically as the difference between the two. In public debates that attend such decisions in New Zealand, Bagehot's view that ministerial dismissal 'may not be a remedy at all; it may be only a punishment' (1963, p. 288) has tended to prevail. Ministers meet the generally accepted requirements of ministerial responsibility by accounting to Parliament and by ensuring rectification rather than by offering their resignations (Martin 1991, 1994; Palmer 1987; Palmer and Palmer 1997; Roberts 1987). In what is arguably the *locus classicus* discussion of New Zealand's constitution, Scott (1962, p. 130) argues that, 'Resignation performs a useful function only in cases of misconduct and gross incompetence'. And no minister of the crown has resigned for reasons of personal or vicarious responsibility since 1934.

Cave Creek gives cause to reflect on that position, and as a case will

almost certainly excite as much scholarly interpretation as has the argument by a minister in 1944, who insisted that he was 'responsible but not to blame' for his department's laxity on major tunnel construction projects. The notion of vindictive responsibility suggests that there may be exceptional cases, like Cave Creek, where contrary to Bagehot, resignation is a punishment *and* a remedy simultaneously, and is warranted in cases other than those involving Scott's 'misconduct and gross incompetence'. The remedy required is not just a restoration of public confidence in the *competence* of its governmental agencies, critical though this is, it is equally about restoring its trust in their fairness, compassion, and therefore their *legitimacy*. The failure of political responsibility over Cave Creek has done nothing to reduce the high levels of public cynicism that already existed in New Zealand towards politics, politicians, and political institutions (see, for example, Denmark 1987; Lamare 1991; Kelsey 1995).

For its part the State Services Commission has sought to clarify the responsibility and accountability expectations placed on departmental chief executives (State Services Commission 1997), in the light of Cave Creek. It has suggested that they could opt to resign in cases of 'performance failure' even though they themselves were not at fault. 'The chief executive may consider that in those circumstances the appropriate decision is resignation on the basis that although there is no legal obligation to do so, that course will serve a greater public interest' (p. 10).

This suggestion has not met with approval from some commentators who argue that it does not place sufficient weight on ministerial responsibility, which according to Palmer (1997) 'still drives this [New Zealand] system'. Ironically, because of the exceptional circumstances of this particular tragedy it may be that the State Services Commission had been unwise in generalizing from it in its suggested reframing of ministerial responsibility.

## CONCLUSION: A WIDER 'SENSE OF PROPORTION'

Cave Creek offers what is arguably a worst-case scenario in the study of governmental accountability and responsibility: the failings of governmental employees *directly and unambiguously* resulted in death and injury to a group of citizens. Because such cases are exceptional they require exceptional responses. They demand the demonstration of a wider sense of proportion than that which is normally provided for in debate over the meaning of ministerial responsibility. But their very starkness may make such a response less rather than more likely.

Since Cave Creek, official responses like those of the State Services Commission (1997) indicate that a sensible accommodation between traditional conventions of ministerial responsibility and the conceptual framework underpinning the state sector reforms has still to be worked through. This will not be easy. It is impossible to know whether the responsibility outcomes would have been any different had such a tragedy occurred before the state sector reforms. They probably would not have been, given the

'non-resignatory' ethos spoken of above. Notwithstanding that, the reforms, driven by economic assumptions of self-interested political and bureaucratic behaviour, may tend to reproduce such behaviour in a self-fulfilling way, at the expense of more public-spirited attitudes and values. Some empirical research indicates, for example, that in New Zealand a more legalistic mentality might be emerging among senior public servants, possibly due to the introduction of contractualism in its various forms, and that an increase in the numbers of officials educated in commerce may weaken commitment to traditional conventions of ministerial responsibility (Gregory 1995b).

A wider sense of proportion must entail an appreciation of the nature of public responsibility, as distinct from managerial accountability. Notwithstanding the rhetoric of greater managerial autonomy which surrounded them, the reforms were driven by the desire to enhance bureaucratic control, the better to ensure the efficient use of resources. On his retirement, before the Cave Creek tragedy occurred, a former New Zealand chief ombudsman publicly commented on what he saw as the impact of

new executives bringing with them practices from the private sector . . . the increase in the percentage of complaints resolved in favour of complainants during the reform period suggests, perhaps, that all this frenetic activity in search of efficiency and effectiveness has somehow partly desensitised the administrators to the human aspects of public administration (*The Evening Post*, 12 December 1994).

A preoccupation with technical competence and efficiency arguably tends to venerate the need for accountability as organizational control rather than promote the likelihood of responsibility as individual integrity. It conceptualizes in ways that tend to be disconnected from the vital and fluid world of experience, and is not well suited to fostering the moral and ethical competence necessary to serve higher, less measurable, values. It may foster efficiency, gauged in monetary terms; but it is no guarantor of good political and social judgement on the part of individual governmental officials. Such judgement, however, is essential in securing genuine political responsibility for the humanity and justice of governmental institutions and processes.

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# ACCOUNTABILITY IN A 'REINVENTED' GOVERNMENT

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LINDA DELEON

Whether 'reinvented' government implies worker empowerment, increased managerial discretion, or decentralization, it is widely thought to mean diminished accountability. A two-dimensional typology (based on clarity of goals and certainty of cause-effect knowledge) of decision-making processes and their associated organizational structures is compared to Romzek and Dubnick's typology of accountability relations. The article argues that accountability mechanisms can be matched to public problems and agency structures and that changes in perceptions concerning the nature of public problems is at the root of contemporary enthusiasm for non-hierarchical modes of organizing.

## INTRODUCTION

In recent years, a wave of change has passed through government organizations in the United States, Europe, Australia and New Zealand, and elsewhere. Vigorously criticizing the bureaucratic model, its orthodoxy holds that public organizations need increased flexibility and manoeuvrability in order to respond creatively to changed and still changing conditions, to invent and experiment in order to devise new ways of 'doing more with less'. But although administrative reform holds out the promise of better service to citizens, more efficient use of public monies, and a zeal for continuous improvement, its major prescriptions – such as greater authority for public managers, empowerment of front-line workers, and market-like competition to create incentives – all pose a challenge to traditional theories of accountability. Several observers have characterized the problem as involving, inevitably and unfortunately, a trade-off between accountability and the increased flexibility and entrepreneurial energy of 'reinvented' government: to get more of one, we must take less of the other (Bellone and Goerl 1992; Hughes 1994; Lynn 1992; Moe 1994).

The seeming incompatibility of modern administrative reform initiatives and traditional theories of accountability, however, results from a failure to recognize that bureaucracy is but one of the methods that can be (and, in fact, is already) used to hold public employees responsible for their

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actions. But rather than simply layering new varieties of accountability atop the old, the public and its elected representatives should attempt to make considered choices among the available alternatives. This article argues that the particular nature of contemporary administrative reform is, in part, the result of changes in the conventional wisdom concerning the problems the public sector is asked to address. As perceptions about the nature of these problems have changed, opinion concerning the sort of organizational arrangements best suited to solving them has changed too. Further, it will be argued that the appropriateness of various methods by which accountability may be ensured are also a function of organization structure. A refined and extended theory of accountability offers the possibility of answering the challenge confronting administrative reform: how can the people control the administration in a 'reinvented' public sector, while still permitting public managers enough leeway to accomplish needed improvement? (Romzek and Dubnick 1994).

### CHARACTERISTICS OF CONTEMPORARY REFORM

As Lynn (1992) writes concerning prior efforts at administrative reform in the United States (which date back at least to the Progressive-era civil service reform legislation that instituted the 'merit system' in the federal government), the current movement pursues two quite different routes toward the improvement of government performance:

A 'soft path' ... builds from the premise associated with the human relations school of management, that long-lasting changes in performance require changes in the quality of the working environment and in the nature of work itself. A second, and far more popular, route to performance improvement, the 'hard path,' relies on the conventional tools of hierarchy and competition to induce higher levels of performance (Lynn 1992, p. 13).

Contemporary advocates of reform also favour the 'hard path,' stressing increased authority for public managers to direct personnel matters, budgeting, and purchasing (Caiden 1994; Gore 1993; Osborne and Gaebler 1992). Like previous reform – and like 'managerialism' or 'the new public management' in England, Australia, and New Zealand (Denhardt 1993; Hood 1991; Hughes 1994; Mascarenhas 1993; Peters and Savoie 1994; Pollitt 1996) – the private sector offers the model to emulate. Thus there is an emphasis on competition, the risk-taking of entrepreneurship, customer service, efficient use of resources, and accountability for results. On the other hand, the legacy of the quality movement (which, in the US, began with private-sector companies attempting to copy Japanese management) was a preference for flatter hierarchies and worker empowerment (Cohen and Eimicke 1994; Swiss 1992). The catchword 'empowerment' encompasses a great deal, however, from increased consultation in decision making to self-managing teams that take on both production and managerial responsi-

bility. As in the United States, in Europe the 'soft path' seems to find less favour than the hard one, although the OECD alleges that many of its members are moving away from reliance on hierarchical control and toward a more participative style of relationship between the ranks (OECD 1991).

In a reinvented government, or under 'new public management,' however, accountability is problematic in ways that overhead democracy cannot readily address. Ronald Moe (1994, p. 118), for example, alleges that the 'entrepreneurial paradigm,' with its emphasis on results not processes, undercuts the rule of law by encouraging managers to ignore laws and regulations that impede performance. Further, he contends that devolution of management responsibility to the lowest practicable level means that accountability will no longer be upward, to central management agencies and the elected executive, but outward, to the customer. Increasing the authority and discretion of public managers requires placing greater faith in their abilities and motivations, not in greater control over their actions. (Peters and Savoie note, however, that administrators are in a double bind: 'To the extent that the organizations do go off on their own and try to innovate, they are out of control. When they do not, they run the risk of being labeled rigid and noninnovative' (1994, p. 423)). Finally, by melting the rigid boundaries between the organizations of government and by creating interagency committees, the Gore report (which implements the principles of 'reinventing government' at the federal level) disperses accountability; by making all participants responsible, it makes no single participant accountable (Moe 1994; Peters and Savoie 1994, p. 423-24). As an approach to understanding whether accountability and reform are incompatible, the next section will explore some old and new views of the matter.

### VARIETIES OF ACCOUNTABILITY

In the US, the traditional and prevailing view of how accountability works is summed up in Emmette Redford's phrase 'overhead democracy'. This model asserted that

democratic control should run through a single line from the representatives of the people to all those who exercised power in the name of the government. The line ran from the people to their representatives in the Presidency and the Congress, and from there to the President as chief executive, then to departments, then to bureaus, then to lesser units, and so on to the fingertips of administration (Redford 1969, p. 70-1).

The model was based on the presumption that governmental organizations would be arranged hierarchically ('successive levels of organization, each controlling the level immediately below it') and that they would be politically responsive ('subordinate to political direction and supervision'). Of course this model is too simple – Redford's book is an exploration of the complex, convoluted webs of shared power that more realistically portray



American administration – but the fundamental notion that the public sector should be tightly controlled and politically responsive remains part of American political ideology to this day.

Because the theory of overhead democracy is so pervasive, a frequent reaction to the suggestion that the bureaucracy is going out of control is to tighten the screws of bureaucratic accountability ever further. Strengthening hierarchical authority may be the most common, but it is not the only, way of controlling public agencies. The variety of possible mechanisms currently in use is suggested by a typology offered by Romzek and Dubnick (1991). They separate four kinds of accountability according to whether the *source of control* is (a) internal or (b) external, and whether the *degree of control* is (a) tight or (b) loose. Bureaucratic accountability systems stress the need to follow orders and close supervision. Legal accountability obtains when there are two relatively autonomous parties, one who can mandate expectations with the force of law, and another whose responsibility is to implement the law (a fiduciary or principal-agent relationship). Legal accountability depends upon monitoring, auditing, and other forms of oversight. Political accountability allows the agency or administrator to have discretion to decide whether or not to respond to external expectations; its mechanisms involve the participation of the parties whose expectations are relevant (for example open meetings, freedom of access to information). Finally, professional accountability relies upon the integrity and trustworthiness of the expert who has the special skills to get the job done.

Part of the argument of this article is that Dubnick and Romzek's classification scheme is appropriate, but it can be improved in three ways. First, it conflates the organizational and the institutional levels of analysis. One set of control mechanisms are operative *internal to the organization*, that is, they are ways of managing the behaviour of employees within an agency. The institutional level of analysis, on the other hand, is not about managing employees, but about the ways in which society (or the sovereign power, or the electorate) keeps a measure of control over the institution of administration. In democratic polities, only three of the four methods are operative at the institutional level. Bureaucratic accountability does not provide an unbroken chain from the front-line bureaucrat all the way back to the sovereign citizenry. At some point, there is an interface between the administrative and the political sphere, on one side of which public managers are bureaucratically accountable to elected officials, and elected officials are *politically* accountable to the voters (Hughes 1994). The second way in which the Romzek/Dubnick typology can be improved is to expand its 'degree of control' dimension. What Dubnick and Romzek call 'high' and 'low' control in part reflects the difference between being held responsible for *results*, or goal attainment, versus being held responsible for *process*, or the means used to obtain a goal. In general parlance, accountability for results is considered relatively loose control, since managers or employees retain discre-

tion over the means they will use. When processes are specified, such control is experienced as 'close supervision'.

Actually, control of either results or process can be independently tight or loose, depending upon how detailed are the specifications and how severe the sanctions for nonperformance. A performance contract could stipulate narrow, quantified targets and remove managers that fail to meet them, or rather it could stipulate general standards combined with minimal (or uncertain) consequences. Similarly, an agency could be required to use particular means – such as a budgeting or accounting system, or regulations governing hiring – to achieve its mission. These means could be required by law, or simply guidelines; and, again, failure to comply could be visited by either harsh or relatively lenient consequences.

Third, Romzek and Dubnick's typology does not clearly identify (although it leaves room for) participation in decision making as an important method of achieving accountability. In order to appreciate its importance, and to understand when particular methods are appropriate, let us consider the sorts of problems with which public organizations deal and the structures appropriate to each type.

### THE PROBLEM-SPACE OF PUBLIC ORGANIZATIONS

In 1959, Thompson and Tuden created a fourfold table that offers a simple framework for organizing some thoughts about organization structures. Working from the premise that decision making is the central organizational act, they posited two important dimensions of decision situations. First, are the goals to be achieved clear or ambiguous? Second, are the means for their achievement known and certain or *unknown* and *uncertain*? Crossing these two dimensions yields the four cells shown in figure 2.<sup>1</sup> In the case where goals are clear and means are known (cell 1), decision making is relatively simple, a matter of mere 'computation'. Such decisions can be readily codified as rules, and the organizational structure that handles these decisions with a maximum of dispatch and a minimum of deviation is bureaucratic. Cell 2 decisions involve conflicting or ambiguous goals; but if the goals could be resolved, the means to achieve any of the various options are well-understood. These decisions are the province of politics, and they are made using processes of bargaining, negotiation, compromise and coalition-building. Within the political arena, groups (including political parties) contend to win the contest for power, which yields the right to implement their particular set of goals. Following the victory of one group or coalition, their programmes and policies can be turned over to a bureaucratic organization for implementation.

In cell 3, there is agreement on goals, but the means to achieve them are uncertain. In such a case, expertise, being scarce, is highly valued. Everyone with relevant expertise is eligible to participate in decision making, and sharp status gradations are a liability, since they inhibit lower participants' willingness to share their knowledge. Greater knowledge yields greater

Degree of Control		Source of Control	
		Internal Bureaucratic	External Legal
	High		
	Low	Professional	Political

FIGURE 1 *Four types of accountability*

MEANS (Knowledge of cause/effect relations) CERTAIN	GOALS (Preferences regarding possible outcomes)	
	Clear	Ambiguous or conflicting
	Computational strategy Bureaucratic structure CELL 1: <i>Hierarchy</i>	Bargaining strategy Representative structure CELL 2: <i>Competitive Pluralism</i>
UNCERTAIN	Judgmental strategy Collegial structure CELL 3: <i>Community</i>	Inspirational decision strategy Network structure CELL 4: <i>Anarchy</i>

FIGURE 2 *Processes of decision: strategies and structures*

influence to the participants who hold it, but decisions are reached by consensus. Organization structures appropriate to this kind of decision making are illustrated by the traditional professions and college faculties. They are sometimes called communities, because they are flat, cohesive, and grounded in carefully inculcated, shared values. Other aspects of the traditional professions are also appropriate to cell 3 decisions; for example, the complexity of the required knowledge requires a long training process, and its uncertainty often leads practitioners to describe their work as an 'art'.

Thompson and Tuden suggest that decisions in cell 4 situations are made by 'inspiration,' and the associated structures are called 'anomic'. Contemporary organization theory does include treatments of organizations and systems where goals are unclear and means uncertain, labelling these organizations 'networks' or 'organized anarchies'. Describing the latter, for example, Cohen *et al.* (1972) cite three defining characteristics: problematic preferences, unclear technology and fluid participation. In what they facetiously call the 'garbage can' model, goals are defined only in the process of debating and selecting particular policy means. Heclo describes issue networks (1978) as having a very loose and fluid structure, where 'no one, as far as one can tell, is in control of the policies and issues' being debated (p. 431). Godfroij (1995) also points to the 'different goals, visions and interests' of the members of policy networks. Network organizations are flat, like communities, but are not so cohesive: their members have both common interests and conflicting ones. Unlike competitive pluralist sys-

tems, however, the conflict does not end in victory for one side which then attains authoritative decision-making power. Rather, as in the definition of anarchies (Taylor 1982), there is no specialization of political roles (for example leadership is situational) and no enforcement of collective decisions.

The foregoing discussion may seem to suggest that appropriate organization structures are entirely a function of objective conditions – goal clarity, and knowledge of cause and effect. Naturally, reality is far more complicated than that. For one thing, goals and means are arranged in hierarchies, so the definition of a particular decision situation may be slippery, admitting of more than one interpretation. Second, organizations almost never deal in just one kind of decision. Thompson (1967) handles this problem by suggesting that an organization's structure will be a function of the kind of decision it makes most often, or the kind of decision that is most important for it. Other theorists suggest that decision processes can be seen simultaneously as bureaucratic, political, communitarian or anarchic (Allison 1971; Bolman and Deal 1990); the models are lenses through which the same situation appears differently. In addition, preferences for particular organizational types are shaped by culture and experience: Chisholm (1989) argues that, whenever agencies in a policy area appear 'uncoordinated,' we leap to the conclusion that they need to be brought together under some sort of hierarchical control, even where hierarchy exacts higher costs (more levels of communication, more formalization) than alternative forms of co-ordination.

Finally, another reason that problems and structures are not linked as neatly as theory might suggest is that the problem-space of public organizations is, at least in part, socially constructed. Where once we saw most problems as either bureaucratic or political, we now increasingly view them as professional or unorganized (anarchic), although the views of the voting public on these matters may diverge significantly from those of experts and officials. The reason for this movement toward seeing problems as unorganized can be illustrated by recent developments in the United States. Americans currently seem fixated on the 'diversity' of our population. Formerly we blithely assumed that all the heterogeneous kinds of people streaming into the country would be amalgamated in the great 'melting pot'; we are now convinced that there are immense differences of opinion resulting from our diversity, and that these differences are proving extremely resistant to old-fashioned techniques of consensus-building or, failing that, compromise. It is interesting that we see polarities of opinion even when broad consensus exists. For example, one observer (Rosenblatt 1992) notes that our national attention has been focused on the uncompromising views regarding abortion of pro-choice and pro-life activists, while the great majority of Americans *agree* on the issue, believing that abortion should be both legal, and yet as rare as possible. Or, despite the escalating debate over affirmative action policies, most Americans agree that while

preferential treatment is wrong, proactive initiatives to recruit, train, support, promote and include minorities in all areas of public life should be pursued. These examples illustrate that our problem-space is not entirely an objective phenomenon, a reaction to external conditions, but a subjective, socially constructed one.

Just as we increasingly believe that there is little consensus on public goals, we also have less and less faith in human ability to understand cause and effect. Although physicists and some other 'hard' scientists are still regarded with naive awe by the general public, social science is greeted with great scepticism, and its progenitors, the great research universities, lose public confidence (and tax support) with every year. In part, this phenomenon is fuelled by the newspapers' gleeful pouncing on every new finding that contradicts previous wisdom: for example, health research has shown first that coffee harms one's health, then that coffee has no effect; that salt causes high blood pressure, then that it has this effect on only a minority of people, etc. More importantly, it is the inevitable result of the huge and obvious failure of research, conducted over decades, to solve deadly social problems such as crime, drug trafficking, domestic violence, child abuse, and the rest of that awful horde.

The net result of both trends – toward thinking goal consensus is impossible and knowledge of means elusive – is to see chaos everywhere. And the inadequacies of bureaucracy, though it was the structure of choice for handling simpler problems, are felt more sharply. Seen in this light, the reform movement's prescription for managerial autonomy (the 'hard path') and worker empowerment (the 'soft path') are responses to diversity of opinion and inadequate science: facing uncertainty over the means to tackle social problems, elected officials may feel compelled to hand the responsibility over to professional experts. Similarly, emphasis on the political aspect of administrative activity<sup>2</sup> responds to increased diversity in public opinion: unable to create agreements as to what government should do, legislators may produce vaguely worded statutes that force administrators to take over the political task of building consensus among constituents and interest groups.

## CONTINGENCIES OF ACCOUNTABILITY

The foregoing analysis leads to the conclusion that, more than ever, public problems seem – to policymakers and to the electorate – to lie in the bottom half (Cells 3 and 4) of figure 2. For the purposes of this analysis, the important point is that accountability for results is possible only where goals are clear, and accountability for process is possible only where there is general agreement as to which processes are the most (or the only) appropriate ones – the 'best practices,' in management vernacular. Because both political responsiveness and bureaucratic control are so familiar, having had centuries of use, the following discussion will concentrate on pro-

fessional and 'anarchic' accountability, the methods that are the focus of so much interest as a result of the administrative reform movement.

### **Bureaucratic accountability**

The first case is one where goals are clear and means are known. Goal clarity can happen because there is only one person (or group) whose goals count (monarchy, dictatorship, oligarchy), or because a single group has emerged victorious from a contested battle for power (competitive pluralism, between elections). Certainty about means occurs where problems are simple or where there is good theory to guide practice. In these cases, the administration can be held accountable for both results and process. As noted above, in democratic systems, bureaucratic accountability extends upward to the interface between the administration and the people's elected representatives (executives or legislatures); the final link in the chain is not bureaucratic, but the political responsiveness of these representatives to their constituents.

Within public organizations, strict accountability to rules and close monitoring by hierarchical superiors is possible where decisions can be entirely codified in standard operating procedures. For a variety of reasons, however, these conditions are rarely met. The problem of administrative 'discretion,' as it is called, arises because the duties of public officials cannot usually be fully prescribed. Legislation, for example, is often vague, since to spell out its intended goals too clearly is likely to alienate some groups of potential supporters. (This has been advanced as a reason why in 1993 the Republicans would not unveil their health care plan until the last weeks of the congressional session, and a reason why the Clinton plan for a national health care system was pecked to death by interest groups that had supported the general concept of health care reform.) Often, too, the technical details of implementation – how to achieve the goal – are too arcane or too uncertain to be written into law; better to leave them to the professionals who will carry out the programme. Opportunities for administration discretion, then, open up when goals are ambiguous or unclear and when means are uncertain.

### **Political accountability**

In the second case, where goals are unclear or conflicting but where the means to achieve any of the various goals – if one could but be agreed upon – are understood, accountability is for process only, not for results. For example, if one party (say, the Democrats) has succeeded in legislating some policy it prefers (say, an increase in the fees charged for grazing stock on public lands in the Western United States), then when administrators who implement the policy are criticized by their Republican clients for harming business interests (unwelcome results, from the critics' standpoint), the bureaucrats can effectively defend themselves by claiming that they were 'just doing their job' (appropriate process). Of course, the

ultimate accountability consists in the fact that, in a competitive pluralist arena, periodic elections can 'throw the rascals out' and bring in a new crew (although they will likely soon be rascals, too). As a means of holding the institution of administration accountable to its political masters, political accountability involves a variety of techniques for bringing pressure to bear on public managers, as well as (in the United States) the use of political appointees as heads of administrative departments.

Political accountability as a mechanism *internal* to the organization, a way of controlling the actions of individual employees, functions much the same as it does at the institutional level. Political appointees to a public agency serve at the pleasure of the appointing authority and may be dismissed if they are not responsive to its programmatic goals. In this situation, political appointees are judged less on the basis of *results* than for loyalty to their political superiors. Also, when a superior uses informal 'pressure' – rather than formal authority or appeal to professional standards – to control the actions of a subordinate, the relationship could be said to be one of political accountability.

A relatively recent development in American public law, dating from the 1970s, is the category of legal liability called 'constitutional torts' (Rosenbloom 1991). Where public officials used to have absolute immunity from civil suits arising out of actions in pursuit of their official duties, now most federal and local government employees can be sued for damages by individuals who believe their constitutional rights have been violated by the official's actions. In this case, *individual* employees, not agencies, are being held accountable, and the accountability is for means, not goals or results. Like responsiveness to political interests outside the organization, this mechanism makes use of an external controller, with the major difference that the relationship is to formal, explicit standards.

### **Professional accountability**

The third case, where goals are clear but means are not, is particularly interesting in light of Romzek and Dubnick's suggestion (1987, 1991, 1994) that professional accountability systems are the ones most appropriate to the situation of contemporary public organizations. In their scheme, professional accountability involves an *internal* locus of control. Professional workers in governmental organizations, that is, are treated with the deference, which is due to their expertise, by their clients (the public). They can be called to give an account of their decisions (their processes), should the client wish to raise the question. Normally, however, professionals are sanctioned not for their failure to achieve *results*, although that is what the model we are using here would predict. Contrary to the model, physicians whose patients die, lawyers who lose their cases, and teachers whose students fail examinations are *not* subject to punishment for failing to achieve the goal, even though it was a clear one. They can, however, be punished

for 'malpractice,' which as the word itself suggests, is the use of improper means to achieve the goal. What explains this anomaly?

The answer is that the way individual professional *workers* are held accountable is an *internal*, or organizational, matter. But the way the *profession itself* is held accountable to society is an institutional matter.<sup>3</sup> Decades ago, sociologist Everett Hughes (1959) described the relationship of a profession to society. Congruent with Thompson's and Tuden's analysis, he pointed out that professionals make risky decisions about important matters. Sometimes risk results in success, other times in failure. When a professional's non-negligent action fails, the consequences are often sufficiently severe to result in legal punishment if the action was done by a layman. Professionals would not be willing to undertake the risks entailed by their actions if they had to suffer the normal consequences of their failures. So society makes a compact with the professional: if the patient dies on the operating table, or the suspect dies in custody, or the defendant suffers the full penalty of the law, the professional is held free from retribution, unless malpractice can be proved. And to the profession itself is delegated the right to decide what constitutes malpractice. Knowing as they do that cause-effect knowledge is uncertain, the members of a profession are often reluctant to second-guess each other, punishing only the most obvious and appalling lapses.

Hughes pursues his analysis of the moral compact between professions and society by suggesting that it is composed of two parts: the *licence* and the *mandate*. Professionals are commonly 'licensed,' of course, in the sense that they receive exclusive permission to engage in certain activities in return for money. But there is a broader licence, too, a licence to 'deviate in some measure from some common modes of behavior' (p. 447) either by doing dangerous things (such as taking a knife to someone's abdomen), or by thinking dispassionately (as scientists do) about 'things that are dear' and 'absolutely held values' (p. 449).

The mandate is the requirement to perform activities of important social benefit. It too can be more broadly conceived, as the requirement that the occupation itself is permitted to define proper conduct with respect to matters concerning its work. The mandate may also involve the right and responsibility to define 'proper conduct [and] even modes of thinking and belief ... for the body social and politic with respect to some area of life which is ... in [the profession's] occupational domain' (p. 447).

Two points are critically important here. The first is that licenses and mandates are, to use Hughes' words, 'the prime manifestation of the *moral* division of labor' (p. 448; italics in the original). The compact between the profession and society is fundamentally a moral issue, both in the sense that practitioners of the profession promise to adhere to high ethical standards in return for the grant of licence, and also in the sense that they are given 'special responsibility for defining values and for establishing and enforcing sanctions over a certain aspect of life' (p. 448).



Second, it is important to realize that the compact between the profession and society is not immutable. Rather, it can change, dependent upon changes in (a) the importance to society of the function over which the profession has control, (b) public confidence that the profession has special expertise relevant to its function, or (c) public trust in the rectitude of the professionals.<sup>4</sup> Some combination of these three factors, for example, probably lies at the heart of American reluctance to entrust decisions about education policy to schoolteachers; their control in general extends only to minor matters of pedagogy, rather than to fundamental issues of what should be taught. Hughes points out that reform movements are often, at base, attempts by laymen to redefine some part of the licence or mandate for a particular profession. Hughes even suggests that uneasiness with the grant of occupational authority is at the root of the 'modicum of aggressive suspicion which most laymen feel toward professionals' (p. 449). 'Social unrest often shows itself,' he says, 'precisely in such questioning of the prerogatives of the leading professions' (p. 450). As a portrait of American attitudes toward the public service, this does not seem too far off the mark. For example, 'bureaucrat-bashing' may not be wholly the result of the belief that public servants have actually performed badly; also implicated is a deep-seated nervousness that they have so much potential power over our daily lives.

Legal accountability, or legal oversight, is similar to, though tighter than, what is here called professional accountability. An important part of the political process is the creation of legislation, which is, essentially, an explicit statement of the values that have won out in the partisan competition. Legislation goes beyond professional accountability mechanisms, which focus on results, in that statutes usually mandate at least some of the means that must be used to achieve a policy goal. For example, over decades there has been broad agreement in the United States that equal educational opportunity is a worthy social goal, and racial integration in the schools is a necessary means to achieve it (as the court ruled in *Brown v. the Board of Education* [347 US 483 (1954)], 'separate but equal is inherently unequal'). School districts can be subject to judicial monitoring of their compliance with laws requiring integration. Since goals are clear – expressed in the law – the court appropriately monitors *results* (it may also require certain means, such as forced busing, but means can sometimes be negotiated as part of the settlement). This is an institutional-level process, for one institution (the court) is controlling another (the school district). It does not control employees of the school district as individuals; rather, they are subject to a combination of professional and bureaucratic accountability (through the norms of the teaching profession and the bureaucratic apparatus of the district).

Inside an organization, 'professional' accountability commonly takes one of two forms. If an organization can foster agreement among its members on a set of basic principles of operation (an 'organizational philosophy'), it

can require members to justify their actions by showing that they are consonant with these principles. In other words, the public official would be given licence to act according to his/her best judgment, but he or she could be called to account and required to explain why those actions were selected. As noted above, however, where cause-effect knowledge is highly imperfect, it makes no sense to punish people simply because unpleasant consequences have followed from their choices. Only where egregious negligence can be demonstrated will sanctions be imposed. (It is possible, of course, to bring suit against professionals for malpractice, but it is difficult to win these cases for the same reasons that professional review bodies do not frequently find against defendants.)

Accountability to a set of principles is exemplified in a case described by Davenport, Hammer and Metsisto (1989). In order to permit decentralization of the information-systems function in a geographically dispersed conglomerate firm, a group of senior managers met with information systems specialists to agree upon a series of basic principles specific enough to guide action effectively. After the principles were pilot-tested and promulgated, managers at the various plants and divisions were free to make their own decisions concerning purchases and utilization of hardware/software, provided that they could justify those decisions as consistent with the basic principles. (If adherence to the principles were enforced, the accountability would be 'professional' in nature. If it were not, it would be 'anarchic,' since anarchy is defined by the absence of means for enforcing collective decisions.)

### **'Anarchic' accountability**

The fourth case is the strangest. If goals are unclear or conflicting, there is no agreement on what results should be obtained, so there can be no accountability for results. Where cause-effect knowledge is minimal, an individual or group cannot justifiably be penalized for selecting the wrong means to achieve an objective, since no one else could have known what choice was better. In the chaotic world of network organizations, where participation is fluid and there is no means of enforcing collective decisions, does accountability have any meaning at all? In an analysis of international politics as an anarchic system, Axelrod and Keohane (1985) pose the following question: in the absence of an international mechanism to enforce collective decisions, what motivates individual states to honor their agreements? Their answer, in an evocative phrase, is 'the shadow of the future' (p. 232). When future payoffs have a high value relative to current ones, there is little incentive to defect today, since the other side might retaliate tomorrow. In short, the states are accountable as a group, each to the others. Of course, when future payoffs have a relatively low value compared to current ones, or where actors can leave a group without cost, anarchic accountability may not work.

Both as an institutional process and as one internal to organizations,

anarchic accountability requires incorporating clients and constituents, competitors and overseers, suppliers and interested citizens into the decision processes of public policy formulation and programme administration, blurring the boundary between the organization and its environment. The more anarchic a decision situation, and the closer an organization to the anarchic ideal type, the more it is true that participation is the most appropriate – indeed, the *only* – means of linking organizational action to public preferences. Organized anarchies (Cohen, March and Olsen 1972) produce decisions when a problem (something that needs to be done) meets a choice (a programme that could potentially solve the problem). If public preferences are conflicting and ambiguous, more than one problem might attach itself to a particular solution, or more than one solution to a particular problem. This simply means that there would be extensive experimentation in search of effective responses to policy issues. The participants in each issue network would be responsible to each other for carrying out whatever part they had committed to play (on pain of falling under the shadow of the future), but they would not be accountable to external controllers. Actual networks seem to operate in this fashion: Chisholm's account of co-operation among the multiplicity of agencies providing public transportation in the San Francisco Bay Area demonstrates the possibilities of networks producing co-ordination without hierarchy to enforce consensual agreements (1989).

Since technologies are unclear in anarchic decision situations, every citizen's expertise would be potentially valuable; where the wisdom of experts is doubted, their opinions would not carry greater weight. Any individual or group with sufficient energy and interest could involve themselves in the work of public organizations, co-operating with like-minded others. They would not be able to hold the organization to account *ex post* but would have shaped its decisions as they were made.

During the 1970s in the United States, in what was then termed the 'new public administration,' reformers in both academic and practitioner communities called for more democracy in administration. Among the best-known prescriptions of this wave of reform were 'proactive' administration (in which public managers would act *on behalf* of disadvantaged groups in society, rather than *in response* to more advantaged ones) and 'maximum feasible participation' (by minority and poor citizens in the design of programmes to serve them). These participative schemes were not often successful, though some later observers (Emmert, Crow and Shangraw 1991) have suggested that their failure may have resulted in part from being grafted onto old-style hierarchical organizations. If designed into public programmes from the start – into mission statements, operating procedures, and the structure and staffing of programmes – participation may prove more effective. Recently, the inclusion of constituencies in the early stages of policy formulation and design by empanelling randomly selected citizens

has been proposed by P. deLeon (1992) as a means of achieving a more democratic, participatory policy analysis.

Another approach to handling citizen participation has been offered by Thomas (1990). When a public manager is required to make a policy decision, s/he needs to decide whether citizen participation is appropriate and what form it should take. Thomas offers a set of seven binary variables, among which are 'goal agreement' and 'sufficient information,' which can be used to analyse the decision situation. The seven yes/no choices yield a decision tree with fourteen branches, and at the end of each branch is one of five types of decision-making strategy. These strategies range from an autonomous managerial decision (involving no public participation), through public consultation (with 'the public' as a unitary group, or with segments of the public), to full public participation in making the decision. Testing this theory against actual situations, Thomas found that the most effective decisions tended to be those that used the approach identified by his theory as the 'right' one, while the use of a wrong approach tended to result in an ineffective decision.

### IMPLICATIONS FOR 'REINVENTED' ADMINISTRATION

Perhaps the clearest conclusion that can be drawn from this analysis is that different accountability mechanisms are appropriate in different circumstances, depending upon an organization's structure, which is in turn dependent (at least in part) on the type of problems it is designed to handle. As Dubnick and Romzek have argued, bureaucratic accountability is inappropriate in many cases where it is currently in use. In these cases, professional accountability is often appropriate, for example where goals are clear, or where the political process has (at least temporarily) settled upon one of several competing goals. The reformers' predilection for accountability for results is perfectly on target where a goal is known but means are not: professional administrators can bring to bear their managerial and technical expertise to devise appropriate methods for achieving the agency's mission.

Where goals are at issue, however, professional accountability may be difficult and even inimical to the public service's aspirations to professional status. Certainly the politics-administration 'dichotomy' has been disparaged for decades, in an acknowledgment that administration is often undertaken when goals are not really very clear or when the political work of resolving goal conflicts remains unfinished even after legislation is passed. When public managers are viewed as 'playing politics,' however, they have moved beyond the limits of their mandate, and they thereby endanger the grant of licence. The imposition of strict bureaucratic accountability is often the consequence when elected officials or citizens believe that the administration has exceeded its authority.

And for the most intractable problems, where there is no consensus on goals or on the means to achieve them, loosely structured networks that

welcome participation from all interested parties may be the most effective way to cope. Policy entrepreneurs within the network may engage in considerable experimentation, trying to find solutions that address aspects of the problem. Should a consensus on goals emerge, the problem can then be handed over to professionals with the relevant sorts of expertise; or should effective theories for action be developed, the question can be moved to the political arena for resolution of the goal conflict.

A second conclusion from this analysis is that overlapping accountability mechanisms, well described by Romzek and Dubnick (1987, p. 230; 1994, p. 271–2), may be the result of differences in the way problems are perceived, at different times or by different groups. To the extent that a particular situation can be viewed through more than one of the conceptual 'lenses' suggested by figure 2, different accountability processes will seem appropriate. Frequently, performance contracts or 'management by objectives' may be implemented where bureaucratic rules and hierarchical supervision already exist. And political considerations may shape the behaviour of public-sector bureaucrats and professionals alike. Nevertheless, the challenge for government is to identify the varying task environments in each sphere of action and use mechanisms of accountability that are appropriate in that arena. This may require attempting to shape public perceptions of the problem-space, either by working to develop greater consensus on goals, or by supporting research to develop better theories of cause and effect.

One final conclusion is that public managers might do well to consider not so much whether the public service is a profession, but whether it wishes to pay the price of being one. In order to overcome the obvious reluctance of the public and elected officials to defer to their expertise and thus expand their autonomy to act freely, subject to professional-type accountability, they must persuade the public to award them a licence and a mandate. The mandate implies that goal conflicts have been fairly well settled, over which the public service has relatively little control but some influence (through encouraging citizen participation, and through administration's ability to inform public opinion, for example). The licence, on the other hand, requires trust: that public administrators have the requisite knowledge to tackle serious public problems, and that they will always act in the interest of their client, the public.

The public service should continue to insist upon the highest educational standards for its members (Barsoux 1991 portrays this as the French strategy) as a way to encourage public trust in their expertise. To develop trust in their probity, several additional strategies are available. Codes of ethics have been used by the traditional professions, backed up by intensive socialization during professional training. Codes are only the first small step, however. A much more important second step is to enforce them, and most experience with professional review panels is discouraging, since professions tend toward lenience when clients or citizens allege wrongdoing.

ing against a practitioner. Norms of due process, which have been applied to an increasingly wide range of situations outside the courts, tend to protect the accused by presuming innocence until guilt is proved. Despite the esteem in which this principle is held, if public administrators want to obtain a profession's licence and mandate, they must probably be willing to raise standards of right conduct, and lower to some degree the evidentiary requirements needed to sustain complaints. It might not be necessary to prove guilt but merely to demonstrate a failure of judgment or a failure to maintain the highest standards of behavior. Of course, the balance between appropriate, if stringent, enforcement of professional codes of ethics and standards of technical competence, on the one hand, and an excessively destructive and punitive system on the other, will be exceedingly delicate to maintain.

Another deservedly controversial step runs against the belief that off-duty behaviour is the individual's private business, but it follows from the belief that ethical behaviour is of a piece (that's why it is called 'integrity') and cannot be true of an individual's public behaviour if not also true of his or her private life. Given the low esteem in which Americans hold government workers, obtaining 'licence' may require the public service enforcing upon itself the highest standards of ethical conduct in all areas of life, public as well as private. Clearly there are grave dangers associated with such a prospect. Professions are communities, and the strong forces that bind communities together include trust, but they may also include extreme pressures to conform. Encouraging moral rectitude while preserving individual freedom is another of the exquisitely delicate balancing acts involved in building public trust.

In summary, accountability is not inconsistent with administrative reform; neither entrepreneurial experiments nor increased discretion for professional managers need result in diminished accountability. What they do require is accountability of a non-bureaucratic kind, and mechanisms tailored as much as possible to the types of decisions and structures being held to account. Although administrators and the public alike have come to see government's problems as far more complex and divisive than was true in the past, public managers should not rush to advocate professional accountability as a solution to their need for more freedom to innovate. Instead we should recognize that government's tasks lie throughout the problem-space, necessitating complex and reflective choices concerning accountability.

## Notes

1. Hood (1996) offers yet another typology of control (accountability) systems based upon the grid-group cultural theory of Mary Douglas (1973, 1996). 'Review' in that scheme corresponds neatly to hierarchy here, as does 'mutuality' to community and 'competition' to anarchy. 'Contrived randomness,' however – like the Douglas' cultural type 'fatalism' to which it corresponds – seems only indirectly similar to competitive pluralism. Analysis of

- the comparisons between Hood's typology and the one offered here is beyond the scope of the present discussion.
2. Peters and Savoie (1994) criticize Anglo-American reform efforts of the 1980s for importing management techniques from the private sector rather than increasing the influence of career officials over policy matters. Green *et al.* (1993) argue that if public administration wishes to be accorded professional status, it should emphasize its political role more than its specialized managerial knowledge. I believe their analysis is in error, though, in viewing the social role of the traditional professions as 'political,' although it did, as they allege, have a moral dimension.
  3. Considerable attention has been given to the special issues that arise when professionals are employed by bureaucratic organizations (Ben-David 1957; Engel 1970; Hall 1968; Montagna 1968; Novak 1973). Professionals may use their status and specialized knowledge to resist bureaucratic controls and to maintain their autonomy. A large proportion of professional workers in a bureaucracy may affect that organization's structure in the direction of less bureaucratization (Hall 1968).
  4. As in other occupations, there has been a long debate in American public administration over whether it is or is not a profession (Cook 1992; Mosher 1968; Peters and Savoie 1994; Schott 1976). The analysis here suggests that while it does have a mandate, it has not been granted licence. Although government is assigned functions that are critically important for society, public employees as a whole are not regarded as having special, esoteric knowledge that is needed to perform them (Andrew Jackson is said to have remarked that the duties of public office are 'so plain and simple that men of intelligence may readily qualify themselves for their performance'). Nor are they thought to habitually place the public interest above their own (the more common, unflattering stereotype pictures them 'feeding at the public trough').

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# **'ENABLING' AND THE 1993 LOCAL GOVERNMENT ACT IN NEW SOUTH WALES**

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Different conceptions of 'enablement' provide a framework for the analysis of the reform of local government in New South Wales. The enabling local authority is one that contracts out to the commercial and not-for-profit sectors, adopts a consumerist approach to the recipients of services, engages in strategic planning, influences other organizations, stimulates pluralist collectivism, and facilitates participation. In New South Wales the Local Government Act of 1993, though potentially enabling, especially in the delegation of a general competence, has had less effect than might have been expected. However, local government has traditionally been enabling in the narrow sense as well as in the sense of employing interesting forms of participative community management and in seeking to influence the decisions of other organizations which are part of local governance. Some councils are developing community plans to strengthen these relationships.

## **INTRODUCTION**

One recent normative development in the theory of local government has been located around concepts of 'enabling'. Precisely what activities local authorities are expected to enable varies from one conception to another. Different enabling roles are to be found in the theoretical literature. Distinguishing between different concepts of enabling provides a framework for analysing the recent reform of local government in one of the Australian States, New South Wales.

This article examines the 1993 Local Government Act and its effect on local government in the state. An 'enabling' framework has been adopted because policy statements, the Act itself, and interpretations of it indicate that, to different degrees, the intention was to strengthen the features of local government that can contribute to an enabling role. The legislation appears to strengthen a trend in Australian local government away from the service provider role and towards that of co-ordinator and catalyst (Cutts 1990). The article explains how the 1993 Local Government Act in New South Wales presents some opportunities for local councils to strengthen their enabling roles, and what has been happening with reference to enabling in local government in the state since the Act.

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## LOCAL GOVERNMENT REFORM

The 1990s have been a period of local government reform and reorganization throughout Australia. Since 1989 every state has enacted new legislation designed to give local councils a broader competence, stronger accountability, and better relations with other levels of government. Boundary changes and amalgamations have figured in the reforms in Victoria and Tasmania. The political concerns motivating the reformers have varied from state to state, and have included the reduction of government expenditure, probity in financial administration, over-centralization, and discontent with a traditionally restrictive view of local government. Everywhere there has been pressure to 'do more with less' by improving levels of efficiency. Encouraging participation has also been an objective in all states (Wensing 1997; Dollery *et al.* 1997).

In 1993 the New South Wales Parliament passed the first comprehensive legislation on the composition and powers of local government since 1919, though the system had been subjected to official *ad hoc* reviews since 1973 as well as a standing review process initiated by the Department for Local Government in 1986 (Dollery *et al.* 1997, p. 15). The aims of the legislation were to strike an appropriate balance between state and local responsibilities, allow local councils to perform their functions with the minimum state intervention, strengthen accountability to the local electorate, and encourage and support participation.

The structure of the system, which divides the state into 177 all-purpose local authorities, was not affected by the 1993 Act, having been subjected to amalgamations over a long period. The Act concentrates on functions and particularly the legal framework for an environmentally responsible system of local government in New South Wales (Wheeler 1993, p. 33). The main provision of the Act, contained in Section 24, is that it is left to a council to determine what functions it will undertake (see below). A very wide range of functions was listed in the Local Government (Functions) Bill of 1990 and it is assumed that all of these are implied by Section 24. Councils are empowered to provide public amenities and facilities for community services, public health, education, and recreation. They can carry out activities to provide for public reserves and forests, roads, transport services, energy production, supply and conservation, water supply, sewerage, drainage, housing, fire protection, industrial, land and property development, and waste removal, treatment and disposal. They exercise powers in connection with environmental conservation, protection and improvement. They have wide powers to engage in commercial activities (Pearson 1994, pp. 233–34).

The distribution of current and capital outlays between broad functional categories for New South Wales and the other Australian states (see table 1) shows the relative importance of community services, recreation, culture, transport and communications in the expenditure patterns of local authorities. In NSW 43 per cent of community services expenditure is devoted

TABLE 1 Australian local government – total outlays by purpose, 1994–5

Purpose	NSW		VIC		QLD.		SA		WA		TAS.		NT		Total	
	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%	\$m	%
General Public Services	447	16.5	364	17.7	230	12.0	113	17.2	106	15.2	49	20.3	9	20.0	1319	15.9
Public order and safety	117	4.3	41	2.0	15	0.8	20	3.1	24	3.4	2	0.8	1	2.2	221	2.7
Education	6	0.2	26	1.3	2	0.1	–	–	1	0.4	–	–	–	–	35	0.4
Health	64	2.5	56	2.7	38	2.0	34	5.2	18	2.6	5	2.1	–	–	216	2.6
Social security and welfare	150	5.5	244	11.9	22	1.2	20	3.1	38	5.4	9	3.7	1	2.2	485	5.8
Housing and community amenities	515	19.1	283	13.9	512	26.5	108	16.5	43	6.2	54	22.4	5	11.1	1519	18.3
Recreation and culture	536	19.8	407	19.8	286	14.8	106	16.2	169	24.3	32	13.3	14	31.1	1550	18.6
Agriculture	–	–	–	–	11	0.6	2	0.3	–	–	–	–	–	–	13	0.2
Manufacturing	58	2.1	33	1.6	28	1.5	9	1.4	–	–	–	–	–	–	128	1.5
Transport and communications	646	24.0	504	24.6	498	25.9	145	22.1	243	35.0	66	27.4	10	22.2	2112	25.4
Other economic affairs	–	–	47	2.3	13	0.7	6	0.9	20	2.9	4	1.7	1	2.2	91	1.1
Other purposes	163	6.0	46	2.2	267	13.9	92	14.0	32	4.6	20	8.3	4	8.9	623	7.5
Total	2702		2052		1922		655		694		241		45		8311	

## Notes:

1. Includes water supply, sanitation and environmental protection.

2. Includes forestry, fishing and hunting.

3. Includes mining and construction.

Source: Australian Bureau of Statistics, *Government Finance Statistics Australia 1994–95*, Australian Government Publishing Service, Canberra, 1996,

Table 23, p. 63.

orities. In NSW 43 per cent of community services expenditure is devoted to sanitation and environmental protection, with 23 per cent on housing and community development.

## DIMENSIONS OF ENABLEMENT

### Competitive tendering

The most familiar form of enablement is that which aims to have local authorities engaging less in the provision of services to the public directly through in-house personnel and direct labour organizations, and more in the specification of policy objectives which are met by a variety of external agencies sponsored by or under contract with an authority which concentrates on its planning and co-ordinating roles (Jones 1993, p. 16).

From this perspective it is assumed that if local government offers tenders for its services to competing private enterprises these will carry out the function under contract 'to the same or a higher standard than the council's own workforce did, and do so at a significantly lower cost' (Adam Smith Institute 1989, p. 7). Local governments should specify service requirements but purchase the service from another supplier. The 'enabling' authority is one that identifies requirements, sets priorities, specifies standards of service and finds the best way to meet those standards: 'the emphasis shifts from the council as monopoly provider and manager to the council as enabler and monitor' (Ridley 1988 p. 21).

The philosophy behind contracting can be applied to local authority social services and community care. Again, a reduced service-provider role is envisaged for local government, with local authorities purchasing social services within a market of competing providers (Wistow *et al.* 1994, pp. 19–20). Here a local authority's role is to assess needs, set priorities and then monitor the performance of a range of providers, thus creating a 'mixed economy' of provision through a greater diversity of supply (Wistow *et al.* 1994, p. 14; Goodlad 1994).

Contracting implies a very limited or residual role for the enabling authority. The authority provides services only as a last resort. Its task is mainly to monitor the performance of contractors. This is the 'narrow view' of enabling (Ennals and O'Brien 1990, p. 3).

In New South Wales contracting was a controversial issue during the preparation and passing of the 1993 Act, but in the end a mild form of compulsory competitive tendering proposal was defeated in Parliament where the government had a majority of only one. Councils were left as they were under earlier legislation, with the power to contract out as and when they decide this is the most cost-effective way of providing services or implementing capital projects. This limited form of enabling has long been a feature of local government in the state and was expected to continue under the new legislative regime (Domberger and Hall 1996). No specific encouragement was given to contractual arrangements with the non-profit-making sectors though neither was it anywhere discouraged.

### Consumerism

Enabling has also been taken to mean seeing the recipients of public services as customers rather than clients. Local authorities are urged to compensate the consumer of public services for the lack of consumer choice by issuing customer contracts specifying standards of service and means of redress, statements of citizens', customers' or clients' rights, and information on performance levels. Guaranteeing standards and offering compensation if goods and services do not come up to scratch are supposed to substitute for the power to take custom elsewhere, as in the classic model of the sovereign consumer (Clarke and Stewart 1992).

Public services have been criticized for lacking local knowledge of what consumers think of providers; being organized to serve producer, not consumer, requirements; not listening to the views of the recipients of public services; and encouraging low expectations of public service. A consumerist approach involves strategies to counter these tendencies. First, the articulation of views by users and community groups through neighbourhood committees, co-opted representatives, and advisory bodies is encouraged. Secondly accessibility is improved by 'one stop shops', computer technology and training in customer sensitivity. Thirdly, departments or agencies 'speak to the consumer' through marketing and advertising to improve public awareness of the council's services (Hambleton and Hoggett 1987, pp. 19-22).

The new law in New South Wales has been interpreted as moving local government away from an emphasis on compliance with directives and towards a concern for customers and clients (Local Government and Shires Association of New South Wales 1994, p. 3). Strengthening the position of citizens in receipt of council services formed part of the policy background to the new Act, though a citizen's charter was eventually dropped from the Bill. The Department of Local Government and Co-operatives is, however, required to produce comparative performance indicators to assist rate-payers to make judgements about the performance of their local councils.

### Strategic planning

This form of enabling refers to measures to strengthen the capacity of local councillors to plan strategically for the overall welfare of their areas through 'community government'. It equips local authorities to adopt a synoptic view of the community through the analysis of local developments and the identification of needs in sectors not falling within the statutory responsibilities of local government. Comprehensive surveys of community needs form the basis of the council's community strategy (Leach, Stewart and Walsh 1994, pp. 246-50).

Like the narrow view of enabling, this view departs from the idea that the local authority should be a self-sufficient provider of monopolistic services. But it goes beyond competitive tendering to a strategic role in which the authority is legitimately concerned with all that goes on within the

community and the resources available to it. It is sometimes argued that this involves giving local authorities a general competence (Clarke and Stewart 1988).

In New South Wales strategic planning for all community needs is facilitated by the shift towards a broader, if not general, competence and away from the restrictions of *ultra vires* which appears as the most striking feature of the new law. The 1990 White Paper promised legislation that would 'allow councils to be free to get on with the business of running their operations with the least possible intervention, and with accountability to the local electorate' (New South Wales Department of Local Government and Cooperatives 1990, p. 8). The new legislation would 'reduce the incidence of circumstances in which a council may find itself acting *ultra vires*. ... The main limitations on councils' supply functions contained in the bill relate to restrictions on the granting of financial assistance and on the circumstances in which the involvement of state agencies is required', such as the Department of Health in immunization programmes. The White Paper also refers briefly to the 'corporate' nature of local councils.

In 1992 the department described the Exposure Draft Bill as establishing the community 'as the main force in the local government system with its focus and orientation in style directed towards the community' (New South Wales Department of Local Government and Cooperatives 1992b, p. 9). The minister's 1991 Discussion Paper refers to the reforms as reducing 'the general detailed constraints on councils. ... the proposal is for the broadest grant of powers and functions so far as the provision of goods, services, amenities and facilities is concerned' (New South Wales Department of Local Government and Cooperatives, 1991, p. 51). In its annual report for 1992 the department described the existing Act as 'too prescriptive', reducing the freedom of councils to 'respond to community needs'. Legislative change was intended 'to enable councils to be much freer to act in the interests of the community and limit the prescriptive nature of the Act' (New South Wales Department of Local Government and Cooperatives 1992a, p. 10).

Section 24 of the Act leaves it for a council to determine what it will undertake: 'A council may provide goods, services and facilities, and carry out activities, appropriate to the current and future needs within its local community and of the wider public'. Section 23 allows councils to do 'all such things as are supplemental or incidental to, or consequential on, the exercise of its functions', including the acquisition of land, by compulsory purchase if necessary. The 'charter' provided in Section 8 requires councils to exercise community leadership, provide appropriate services and facilities for the community, and properly manage the environment.

The inclusion of such a wide range of 'positive' powers is, for the local government associations, a major change brought in by the new Act, one which leaves councils 'much freer to innovate and assume a greater leadership role within their communities. In this way they can better reflect the

particular wishes and needs of their electors and the local area they represent' (Local Government and Shires Association of NSW 1994, p. 8). Financial restraints in recent years have also forced councillors 'to become more "strategic" in their choices linking the activities of the organisation with a set of agreed values or priorities' (Local Government and Shires Association of NSW 1994, p. 3).

Elected representatives also appear to think of their remit under the new Act as unlimited. Participants at workshops organized by the local government associations in 1993 indicated interests in a wide range of 'businesses', including housing, care of the aged, commercial enterprises, environmental protection, health care, joint ventures with the private sector, and welfare (Local Government and Shires Association of NSW 1994, pp. 35-6).

In the view of at least one legal expert all the functions listed in the Local Government (Functions) Bill of 1990 are implied in Section 24 and include commercial activities as well as a comprehensive list of community services and facilities relating to public health, education, recreation, environmental protection and housing, as well as the more familiar responsibilities relating to the physical infrastructure of roads, waste disposal, water supply, land-use planning and fire protection. 'The overall message of the 1993 Act is to leave it to the council and its community to determine its activities and priorities, subject to some controls in the Act and elsewhere. . . . the crucial issue for most councils in determining what goods, services or facilities and activities they will provide and undertake will be financial and human resources, rather than power or the lack of it under the Act' (Pearson 1994, p. 235).

### **Influencing other organizations**

Having analysed needs and monitored impacts, action to meet them is then sought through influence on, regulation of and co-operation with other agencies, public and private. Enabling means persuading other agencies to achieve prescribed ends. The local authority creates networks involving different kinds of relationships with other agencies (Brooke 1989, p. 10). This is what Ennals and O'Brien call the 'wider view' of enabling where 'a local authority uses all the means at its disposal to enable the needs of those who live within its area to be met' including direct provision, contracts, partnerships, influence, co-ordination, facilitation, co-operation, advocacy, consultation, regulation and grants-in-aid (Ennals and O'Brien 1990, p. 4; Stewart 1989a).

Stewart contrasts this concept of enabling with that associated with CCT which he regards as fragmenting, weakening the authority's capacity to adopt a community perspective (Stewart 1989b). Enabling should mean responding by 'different modes of social action' to whatever needs are perceived politically as requiring intervention.

The 1993 Local Government Act allows councils to assist other bodies financially for the purpose of exercising their functions. This is interpreted



by the local government associations as providing 'a new facilitator role for councils under which the responsibility is not so much to provide services but to make sure they are provided' (*Local Government* 1993, p. 3).

### **Stimulating pluralist collectivism**

This form of 'enabling' focuses on organization building and the relationship between local government and the voluntary and not-for-profit sectors. Here the enabling authority uses its powers and influence to encourage the growth in numbers of such bodies. Enabling means encouraging the development of local community organizations to represent interests and provide local services. The role of private, voluntary and informal sectors can be extended through 'market development' by local authorities stimulating new sources of provision (Charlesworth, Clarke and Cochrane 1996, p. 68). The stimulation of not-for-profit and voluntary sector activities provides a wider choice of services and competition between providers, resulting in better value for money.

The development of local organizations enables the inclusion of the hitherto excluded. Partnerships with voluntary bodies and other local actors, empowering local groups and communities, are regarded as a contribution which local authorities can make to the development of local democracy. They can form part of a democratization strategy that strengthens accountability to weakly represented and dependent groups in society, such as ethnic minorities, tenants, women, and poor families.

Practical initiatives by local authorities to assist community groups include training programmes (for example, for parent governors of schools or tenants elected to housing estate management boards), administrative procedures facilitating group participation in land use planning, and the appointment of tenant support workers to encourage the formation of tenants' groups and provide them with training, advice and administrative support. Such democratization strategies focus on decentralization to new forms of social or collective provision, contracting with and regulated by local authorities. Examples are voluntary organizations, social trusts, management co-operatives, municipal housing companies and tenants co-operatives. The role of local authorities in this 'pluralist collectivism' is to 'monitor, support and regulate "third sector" provision of public services' (Hambleton, Hoggett and Tolan 1989, pp. 42-4).

The New South Wales Minister for local government hinted at organization building and support as a role for councils in his 1991 Discussion Paper which promised that councils would be able to form co-operatives to which 'positive' powers could be delegated. The White Paper refers to the desirability of councils not only acting directly and contracting out but also assisting outside groups and individuals to provide goods, facilities and services to the community: 'councils can, in effect, indirectly perform their functions' (New South Wales Department of Local Government and Co-operatives 1990, p. 11). Section 356 of the Act allows service functions to

be delegated to corporate bodies such as co-operatives, corporations, companies and joint arrangements with other bodies, contractors and agents.

### Participation in policy-making

Finally, enabling envisages local authorities facilitating the participation of citizens as policy-makers at the local level rather than just as consumers. Citizens would not only be enabled to decide what and how needs should be met – the quality of provision. They would also be empowered by a local authority concerned with ‘equity, justice and citizenship’. From such a perspective local government is primarily concerned with the rights of citizens to make choices affecting the development of their communities rather than as agencies providing services. This requires a combination of representative democracy which, on its own, allows only periodic voting, pressure and protest, and participatory democracy ‘in which the citizens act directly not merely at elections, but in the process of government itself’ through referenda, user control and local assemblies (Clarke and Stewart 1991, p. 40).

This is what Leach, Stewart and Walsh (1994) distinguish as ‘community-oriented enabling’, implying participatory democracy, community accountability, and decentralized forms of local administration. Area or neighbourhood committees would form part of the local authorities management structure.

Stewart and Stoker argue for thinking of service provision with and by the public, rather than just for the public, employing ‘direct user control’ (such as tenant management co-operatives to control repairs, maintenance and allocations on council housing estates). This, combined with participatory democracy and representative government, can be designed to ensure the representation of previously under-represented groups such as people with disabilities, the young, ethnic minorities and women with caring responsibilities (Stewart and Stoker 1988, p. 17; see also Clarke and Stewart 1992).

Facilitating participation was intended by the promoters of the new legislation in New South Wales, possibly motivated by a lack of transparency and openness on the part of some councils in the past. In strongly enabling language the department described the proposed reforms as ‘a major step on the road from a representative to a participatory form of local government’, ‘enhancing’ the community’s role by freedom of information, voters’ vetoes, open meetings and constitutional referenda (New South Wales Department of Local Government and Co-operatives 1992b, pp. 9–11), not all of which were, however, included in the final legislation.

The Act has among its purposes ‘to encourage and assist the effective participation of local communities in the affairs of local government’. It requires councils to be open and accountable. Council meetings must be open to the public who have the right to make submissions. Councils may

conduct a poll on any issue while retaining the right to decide whether to accept the result of the vote.

The Act widens Freedom of Information rights to assist people to gain access to documents, and specifies those that must be available for inspection free of charge, including annual reports, auditors' reports, management plans and minutes of council and committee meetings. Councils have to exhibit for public comment a draft 'plan of management' prepared annually and covering the ensuing three years, stating the principal activities which the council proposes including capital projects, services, business activities and environmental protection. There are further consultative obligations relating to land-use planning, housing developments (especially in relation to Section 94 contributions levied on developers to help pay for amenities such as libraries and parks), the uses to which recreational funding might be put, and strategies for community land.

The charter requires councils to facilitate the involvement of members of the public and users of facilities and services in the development, improvement and co-ordination of local government.

### THE ENABLING COUNCIL IN NEW SOUTH WALES

This section of the article examines developments since 1993 with particular reference to the elements of a local enabling role. It is based on interviews carried out in July and August 1996 with senior officials, mainly General Managers, in a small sample of local councils and in the New South Wales Department of Local Government and Co-operatives, and examination of council documents such as management plans, annual reports and community surveys.\*

#### Contracting

The minimalist concept of enabling – contracting work out to the private sector – remains a strong feature of local government in the state. Local councils enable the private sector to be involved in the provision of public services and facilities. However, contracts are still predominantly with private firms engaged on public works projects for roads, sewerage, water supply, bridges, drainage and so on. In-house work forces have been slimmed down, in some cases to the extent that a 'prime contractor' is employed to supervise the project. Such developments have been affected more by fiscal constraint than by the new legislation.

In a number of councils in-house departments have been organized as internal business units, contracting their services to the council, other local authorities and even the private sector. Such business enterprises are a growing feature of local government in New South Wales as councils respond to pressures for greater economy and efficiency. The expectation in most councils is that business units will have to become 'fully contestable', i.e. the full cost of services must be available and comparable to external providers. They may develop a manufacturing capacity – one council

manufactures bridge trusses for sale to other councils and state agencies. Providing goods and services in competition with local businesses becomes a sensitive political matter locally as well as raising questions about a council's tax liability.

There is some contracting with not-for-profit bodies including voluntary organizations. Councils are being increasingly drawn into community social services (and, in the view of some, away from 'core' activities) as a result of social and demographic changes in their areas. This can involve providing premises, administrative support and subsidies to day care centres, job centres for the long-term unemployed, and pre-school or child care centres, all of which are managed by volunteers. The voluntary group becomes an incorporated association and operates as a form of co-operative, charging fees and attempting to break even. As this facilitates community participation it will be referred to again under that heading.

Some councils give grants to voluntary bodies rather than employ staff directly to provide a service. Others have contracted small projects to voluntary bodies, such as the Bush Fire Brigades who might be used to fell dangerous trees or help with flood relief. In coastal areas volunteers from Surf Life Saving Clubs assist council lifeguards. Volunteers, supported by professionals from the council's staff, may assist with bush care and regeneration or meals-on-wheels for the elderly. Generally, however, the provision of grants to the voluntary sector is on a very small scale, and service agreements with the voluntary sector are insignificant compared with contracts with private commercial enterprises. Regular grants are less common than occasional donations to community activities, such as for school equipment.

### **Consumerism**

It is increasingly common for councils to be involved in administrative changes to assist the consumers of their services. Some are training staff to be more helpful to the public, and 'customer service' may be regarded as a new skill which earns additional pay. Others are investing in training and technology to provide 'one stop shop' counters or phone-in services dealing with all applications, payments, queries and complaints and linked by computer to service operators in order to speed up response times. Quality surveys are a growing feature of council business, to see how services to the consumer can be improved. Complaints procedures may be developed to correspond to the principal activities identified in the Management Plan.

Consumerism generally stops short of performance statements guaranteeing specified levels of service. This is partly because of widespread distrust of comparative performance measures which so often pay no regard to local circumstances. So generally consumerism is perceived in terms of consultations on quality rather than guarantees and compensation. Even a council which has produced a Charter of Residents' Rights as part of its

Management Plan containing 'guarantees of service' as well as rights to be kept informed, participate in public forums before each council meeting, and make submissions about any matter, including rates, charges and building applications, has only given as a measurable guarantee a promise to reply to all letters within 12 days. The other guarantees of service are promises to consult, be helpful and courteous, and 'maintain high moral and ethical standards'. Another council has performance indicators in its plan which include 'customer satisfaction', 'user satisfaction' and 'public comment' (for example, on its commercial operations) but does not specify how such satisfaction is to be measured.

Stronger consumerist approaches are likely in the future, not least because of the state government pressure. In 1995 the Minister for Local Government established a Local Government Reform Task Force to develop a strategic plan for the improvement of, among other things, 'the customer focus of services and facilities provided by councils'. The department has also issued guidance on the management and handling of complaints and advice on policy, organization and training 'to improve customer service in all areas' (New South Wales Department of Local Government and Cooperatives 1994).

### **Strategic, community-wide, planning**

What appears from the legislation to be the most significant development facilitating a strategic planning approach to the local community – the relaxation of *ultra vires* – has had very little impact. Councils are generally not venturing into new areas of service provision. A change of organizational culture is required according to one Director of Corporate Services: 'It's a new experience for staff to have resources and not the law as the main constraint'.

Regulatory powers are still closely prescribed by the Act, though councils are not obliged to deploy all of them. Councils still cannot make their own by-laws. However, the environmental provisions of the Act, requiring local authorities to have programmes which 'preserve, protect, restore and enhance the environment', will inevitably draw councils into new areas of expenditure.

An inability to launch new services has not deterred councils from initiating strategic reviews of community needs and the impact of local organizations, both governmental and non-governmental on them. In some areas the emphasis is on feedback from the public on their assessments of council services. For example, Yarrowlumla Shire recently initiated a survey of public opinion involving questionnaires, information packs, focus groups, and formal public consultations with community representatives. Council's responses to the results of the exercise were fed into the 1997–98 Management Plan. In 1995 the city of Holroyd commissioned consultants to survey a sample of 1,000 households to assess how well the council was doing its job and where improvements were needed. This produced feedback on a

range of issues, many of which, such as employment opportunities, safety in public areas, public transport, and law and order, are not directly under the council's jurisdiction.

A second model is the system of Integrated Local Area Planning, devised by the Australian Local Government Association, which provides a council with an overview of all aspects of community development, enabling councils to take social and economic considerations into account before taking decisions. This fits the enabling concept most closely, as it leads to the production of a social or community plan which not only provides a comprehensive socio-economic profile of the area but also specifies targets of provision for designated groups, such as aborigines, non-English speakers, the elderly and young people, and identifies the responsible agencies, public and private.

For example, Shoalhaven's Community Plan informs the council about the governmental – federal, state and local – and non-governmental resources 'which collectively enable the community and council to address identified needs in an integrated fashion'. The plan

gathers information about local needs and proposes programmes and recommendations to address those needs in conjunction with other government and community resources ... [the Plan] must be strategic. It needs to include community involvement, involvement of public sector agencies and linkages to wider processes ... an integrated approach to social, physical and economic development based on local needs assessment and recognition of the role of the private sector. ... The community planning process recognises that a Council can only have a limited direct impact. ... The involvement of all levels of government, the community services sector and the private sector is essential.

Fifteen target areas, some relating to sections of the population (for example, the aged and women) and some to areas of community provision (for example, culture, health and housing) are identified. For each target category objectives and strategies are set out and the relevant agencies identified. In the case of community services, for example, responsibilities are assigned not only to council departments but also to management committees; Commonwealth and state government departments and agencies (such as Health and Community Care and the police); community and neighbourhood groups; local transport operators; voluntary bodies such as the Red Cross, All Saints Community Care and the St. Vincent de Paul Society; the corporate sector; and regional councils.

### **Influencing other agencies**

If such strategic reviews are to become operational local councils need to be able to influence the behaviour of other local organizations. Involvement in networks dealing with specific issues is increasingly recognized by NSW councils as necessary if councils are to ensure needs are met. This means

extending existing inter-agency consultations and action – with government departments over land zoning or with other councils for bulk purchasing and insurance, for example – into new areas of influence to achieve co-operation with council policies. This may involve a forum bringing together groups and agencies involved with young people, the elderly or the sick, and designed to secure co-ordination, co-operation and additional resources.

Councils also regularly lobby state and Commonwealth governments to secure funding to help deal with new social problems such as drug abuse. Councils lobby other levels of government on a wide range of issues such as public transport provision, trunk road improvements, the location of health facilities, police operations and airport curfews. One senior official said 'the Council is seen as the community voice for the area', inevitably concerned with the decisions of other agencies that have an impact on its own areas of responsibility.

Networks are highly developed. Councils are represented on business, community and regional bodies dealing with children's services, community safety, emergency services, land care, recycling, bushfire management, housing, environmental recreation and migrant resources. Local health care committees include council membership and provide a two-way flow of information on local needs and how they are being met. Monthly meetings of Inter-Agency Associations, comprising both the governmental and non-governmental sectors, identify gaps in provision and avoid duplication of effort. Quarterly meetings with the Road Traffic Authority are attended by representatives from all councils in the state.

One group of local organizations which a council may wish to influence for the benefit of the community is the private business sector. Councils vary considerably in the intensity of their activities here. Some do not feel they can do much about local economic development other than take economic implications into account in zoning decisions, even when local businesses are struggling. However, most economic development activity is of the promotional kind, seeking to attract industry and commerce into areas where jobs are needed, rather than trying to influence the decisions of businesses already established in the area. The policies typically involved are delayed settlements, incentives such as interest-free loans, and industrial land development, all of which pre-date 1993, though since the Act councils can be more generous with incentives and can borrow for such purposes. Councils may also see educational and cultural facilities as being platforms for economic growth.

### **Organization building and support**

Influencing the non-governmental world of local governance can extend to prompting the formation of new organizations. New South Wales councils engage only to a very limited extent in facilitating the formation of local groups to represent interests or participate in the management of local ser-

vices. Support to local non-governmental organizations mainly takes the form of sharing responsibility for council facilities with local groups. For example, a council which recognizes unemployment among the young as a significant local problem might provide the premises for a drop-in centre for young people which is then managed by local volunteers. Land can be provided by a council for nursing homes and retirement villages. The council would then facilitate state funding for the buildings, and act as trustees for a non-profit-making company which manages the operation.

Encouragement of the formation of local organizations might occur when a council launches new initiatives such as protecting and restoring environmentally sensitive reserves with the help of local volunteers, or revitalizing commercial centres. When the town of Yass was bypassed by the new Hume Highway the council recognized the need to support retailers. It used funding from a state heritage grant to employ a co-ordinator to work with local businesses and set up a Main Street Committee into which the local Chamber of Commerce was merged. Councils also facilitate the formation of new organizations when local people express an interest in some collective aim, such as waste recycling.

Councils in urban areas may facilitate access to community services by disadvantaged or needy groups by the appointment of community workers. This entails support to local organizations. For example, a council might contribute, along with state and federal funding, to the provision of premises and the cost of employing community workers under the Home and Community Care Service to ensure that the elderly or people from non-English speaking backgrounds gain access to services such as hospital transport, respite care or meals-on-wheels. Another example can be seen in Holroyd, where the Community Services Department has initiated contacts with the numerous ethnic communities in the city to provide community education to meet a need, identified by a community survey, for information on what the council's powers and responsibilities are.

### **Participation**

The participation required by the Act is largely of a token kind, involving little more than consultation and the statutory exhibition of plans. Perhaps not surprisingly the response has been disappointing, fuelling doubts within councils about its value and worries about its delaying effects and cost, especially when public relations consultants are engaged to organize it and when the number of legal challenges to councils mounts. Open forums preceding council meetings seem not to attract a lot of interest, encouraging a frequently voiced view that there is little demand for participation and that people, especially in rural areas, 'don't want to have much of a say', even when large populations are represented by a very small number of councillors. The benefit of public consultation is most likely to be seen in the corporate approach which it is thought to have encouraged.

Consultation can sometimes be more fruitful on specific issues, such as



public works projects at which 'interaction meetings' and inspections are held on site. The engineer and works overseer obtain comments from local residents and group representatives on the design and implementation of projects, feeding in valuable local knowledge to both the implementation process and the council's management plan. Surveys of opinion on local needs and the quality of local council provision are also frequently carried out. Advisory committees on such topics as sports facilities, heritage issues, public utilities, or home and community care prove useful. But again some councils take the view that it is better to consult on an *ad hoc* basis since interest in permanent committees soon wanes.

Where participation is most in evidence is through the use being made of Section 355 of the Act to incorporate people from community groups in both functional and territorial forms of local management through committees of different kinds. Such committees are legally committees of council, though it is not necessary for councillors to be members. They are accountable financially to the council and, though self-funding in many cases, their expenditure is incorporated into council accounts. Council officials may serve a committee if the nature of the activity warrants it, such as a health surveyor on the management board of a residential home for the elderly and infirm. Administrative support is provided. Members are recruited by the council which calls for nominations through advertisement. Nominations are made by local groups and confirmed by council which then acts as a trustee and guarantor.

For functional purposes management committees run facilities on behalf of the council with delegated powers. Their activities include the maintenance and improvement of recreation trails, and the management of children's centres, nature reserves, sporting complexes, public gardens, pre-school services, showgrounds, art schools, community centres, tennis courts and nursing homes. Horticultural and land care committees look after the environment of particular neighbourhoods. Some large councils have over a hundred such committees for management purposes at any one time.

Management committees perform tasks that a council cannot or does not wish to carry out with in-house personnel, sometimes with relatively little financial support. They may be given charters which define their responsibilities. They are generally expected to generate revenues from fees to cover their running costs. They provide expertise which a small group of councillors cannot provide, especially on environmental matters, though councils remain responsible for policy on which committees can advise, mainly in the form of written reports. They can employ staff. Council lays down management procedures which have to be followed, including submissions for capital programmes and annual reporting. Management committees, in the word of one General Manager, 'encourage local community ownership of the project'.

Committees are also used on a territorial basis to encourage community participation. In rural areas community associations are recognized by the

council whose elected members and senior officials hold quarterly meetings with them. Such associations are regarded as performing a valuable role in large rural shires with widely dispersed small towns and villages. One shire General Manager said 'because of the geographical nature of the area we need community groups acting on our behalf and providing two-way communication so we know what's going on'.

Such associations spawn off-shoots in the form of functional committees to run specific facilities such as swimming pools, community halls and cricket pitches or provide a service such as tree planting. Management is thus on a voluntary basis, with income raised from a variety of sources including council grants, charges and local fund-raising, with other resources coming in the form of voluntary labour. Federal and state grants may be available. Both management committees and community associations are accountable to the local groups and communities that nominate their members.

The possibility exists for urban councils to create precinct committees for the management of neighbourhood resources. These pre-date the 1993 Act too, though their use is by no means universal. In some urban areas all suburbs have them, while in other areas only some neighbourhoods do. Councils generally do not structure their administrative organizations to correspond to precincts, though they provide funds to cover administrative costs. Precinct committees are purely advisory and have no powers or budgets. They generally have council staff to support them and are provided by council with information relevant to development applications in their areas. Precinct committees tend to concentrate on development issues. But councils tend to adopt an arms-length approach to them in case they find themselves at odds with the advice being given on land-use applications or traffic management. They have been known to provide a political base for aspiring local politicians.

### CONSTRAINTS ON THE ENABLING ROLE

The 1993 Act has had less impact on the developing role of local government in New South Wales than might have been expected, especially given the virtual 'general competence' which the Act assigns to local councils. A number of factors explain this.

Firstly, the context within which local government in New South Wales operates influences the shape of the 'narrow' enabling role performed by councils. A low level of involvement with the non profit-making sector is understandable, given the exclusion of local government from the main social and welfare services. The allocation of powers in the fields of health care, education, and social welfare to higher levels of government reduces local government's level of contact with groups needing to be empowered by incorporation into the management and extension of local services.

Secondly, financial constraints have limited the extent to which new services and functions can be developed to extend the scope of community

government within the context of a broader competence needed for strategic planning. This is partly the result of rate-pegging at below the level of inflation, leaving councils having difficulty maintaining levels of existing service provision. Resource constraints, including personnel which cannot easily be switched to new functions, have restricted new initiatives.

Some councils have adopted the political stance that encouragement to branch out, especially into environmental protection, has come from federal and state governments which should be performing those functions themselves. There is a feeling that councils should stick to their core responsibilities and do them well. Established patterns of relationships with higher levels of government, including a lack of confidence in funding regimes, also deter some dimensions of the enabling role. It is feared that new initiatives might be launched with unreliable state assistance which, should it be withdrawn, would leave councils to cope with expensive public expectations. This strengthens the tendency to see new initiatives as the responsibility of other levels of government rather than as opportunities for a wider conception of community government. Furthermore, legislation passed since 1993 is perceived as restricting local autonomy.

Thirdly, the need to plan strategically for the whole community had already been recognized by the scheme for Integrated Local Area Planning that had been launched by the Australian Local Government Association between 1992 and 1993. This holistic approach to local community planning and development did not need legislative backing, though it has been facilitated by the legislation.

Fourthly, activities designed to influence other agencies in the locality also pre-date the legislation. These may be performed jointly, as in the case of the Western Sydney Regional Organisation of Councils formed in 1973 to act as a research, advocacy and lobbying organization on behalf of nine councils to give them a more influential voice in dealing with other spheres of government as well as developing resource sharing arrangements. The Act does, however, make it easier for councils to offer incentives to encourage industrial and commercial investment.

Fifthly, the relative lack of organization building and support by local councils is partly a reflection of the social composition of the local population and partly the spheres of intervention already occupied by other levels of government. In middle-class areas community groups develop spontaneously. Local councils work with groups drawn from the more affluent sections of the community who need little mobilization or help with organizational development. The emphasis in voluntary action for local government is on the physical infrastructure of communities – urban development, sports and leisure facilities, and environmental projects – rather than user involvement in social services. In areas of social deprivation local government still has a relatively low level of involvement in services for sections of the public whose representation and influence needs to be strengthened.

Finally, there is not much support for the stronger forms of participation.

Rather it is claimed that there is in fact little public demand for it. Local management committees and precinct committees both pre-date the 1993 Act and so are familiar aspects of the local government landscape. Some councils take the view that the councillors represent their constituents adequately and do not need other forms of localized representation. Others see precinct committees as paralysing decision-making by a NIMBY approach to local projects.

## CONCLUSION

Responses to the Act and to other opportunities to extend the enabling role depend on local social and political circumstances. The social composition of the community determines levels of need to which councils might respond by influencing other agencies as well as by their own interventions. The political disposition of councillors and their power bases will determine how need and the political demands which it generates are responded to – whether the council should stick to its ‘core’ responsibilities or branch out into new community services, for example. Relationships between councillors and local constituency representatives in state and Commonwealth Parliaments affect the networking opportunities available locally and therefore the capacity of the council to influence the decisions of other government agencies. Whether the council serves a predominantly urban or rural area is another factor affecting the opportunities for ‘enabling’.

Some dimensions of enabling are very much part of local government in New South Wales. Particular attention should be drawn to the involvement of users and community representatives in the management of local facilities, providing a strong form of local public participation to bolster the weaker varieties found in the consultative procedures required by the legislation. Equally significant are developments in community planning involving not just surveys of ‘consumer’ opinion, but also the comprehensive specification of needs of every type and the identification of responsible agencies, whether public or private, governmental or non-governmental. Such community planning clearly implies an intention on the part of local councils to influence all local decision-makers to achieve objectives that cannot be achieved by direct council intervention and expenditure. This is the clearest expression yet of an enabling role.

At the same time, there is no expectation on the part of the state government, backed by legislation, that local councils should fundamentally alter their approach to the provision of services and move away from the direct provider role towards becoming purchasers of services from the private sector. Local councils in New South Wales are free to develop the wider or community-oriented view of enabling without being forced to adopt the ‘narrow’ approach.

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## **PUBLIC MANAGEMENT**

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### **EVALUATING POLICY ADVICE: THE AUSTRALIAN EXPERIENCE**

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PATRICK WELLER AND BRONWYN STEVENS

Mandarins give policy advice. The process is shrouded in the mystique of confidentiality. Policy advising is regarded as the ultimate skill, the height of ambition for civil servants, far above responsibility for the exercise of executive authority in the delivery of services. For departmental secretaries this policy-advising relationship with the minister is a crucial element of their success; for senior officials access to the minister may be an indication of their centrality to the department's interests. The challenge of advising ministers is the ultimate ambition for many in public service.

But how well is the job done? In part there seems to be an implicit assumption that good people give good advice. If the system ensures those who reach the top of the civil service are properly talented, then it follows that the quality of advice will be based on firm foundations. Where policies fail, it can be argued, it is because the government failed to listen. Since ministers take decisions, failures need not indicate the advice provided by officials was poor. However such assumptions need to be tested. Programme evaluation is now routinely undertaken, but the evaluation of policy advice has been left to more informal mechanisms. Yet policy advice is a crucial determinant in public sector activity.

Policy advice may be difficult to assess. It is, after all, eventually a matter of judgement, an art or craft rather than a science (Wildavsky 1979; Waller 1996, p. 12). It usually requires the reduction of a complex problem to a set of options, based on assumptions about causation, and compatible with government policies or directions. There is no guarantee ministers will accept the advice. Nor should there be. Hence in the process of evaluation the emphasis must be more on the development of advice than on resultant action. Acceptance cannot be an absolute criterion of good advice. Even when advice is accepted without change, there may be problems of

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implementation. Further, since advice is usually confidential, there may be some problems in seeking to judge its quality. Ministers have many sources of advice and disentangling them is difficult, so there can be no certainty that the civil service's policy, for better or worse, was responsible for the outcome.

None of these caveats are novel. Nor are they restricted to any one country. The literature on policy making emphasizes its contingent nature. Wildavsky's (1973) famous strictures on planning can readily be applied to advice; it needs a theory of causation and clear objectives against which progress can be tested. The fact of acceptance is not a sign of its success, as politicians and officials may agree to a proposal for reasons outside the policy itself (Wildavsky 1979, p. 213). The best policy is negotiated, the outcome of a political process, rather than being determined by the edicts of experts. The accepted view of policy making emphasizes the ebb and flow of debate, the processes of policy learning, the creation of coalitions. Any link between the provision of advice, its acceptance or otherwise, and its impact, cannot be seen as linear or simple.

But are these satisfactory reasons for not trying to assess whether the advice is of good quality? In an era which stresses efficiency of service delivery, and where there is an effort to put a price on government services, is there not a case for seeking to test the effectiveness of policy advice? There is, as always, a judgement to be made. Recognizing the difficulties, will evaluation promise enough benefits to justify the cost of the exercise, and is there a methodology that might suggest the promise of advantages to the political system? In addition to the theoretical desirability, there may be some pressing strategic reasons for considering such a process. At a time when there are serious proposals that policy advice should be privatized or contracted out, there is a need to justify its current mode of existence. Indeed if policy advice is to be contracted out, there is an even greater need to devise procedures for determining whether that advice is of good quality.

The imperative to try is made more urgent by the perceived costs of policy mistakes, sometimes made on a grand scale and costing billions of pounds, and in part generated by poor advice. In his analysis of policy disasters, Dunleavy identifies as a cause the lack of 'appropriate professional expertise to be able to appreciate risk and cost'; he claims there was a 'premium on political responsiveness' and a 'de-emphasis on policy work' (Dunleavy 1995, p. 62). He concludes that 'the shrinkage of the central state machine produced by ceaseless reorganization and efficiency 'savings' has led to sadly reduced core competencies' (1995, p. 63).

His diagnosis reflects a broader dissatisfaction. Plowden (1994, p. 104) cites a commentator who claims that 'the most obvious sign of ill-health in the machinery of state is poor performance at policy work'. Plowden argues that 'properly thought-out advice from civil servants ought to include alternative types of solution to those in vogue' (1994, p. 105). *Questions of Pro-*

*cedure for Ministers* instructs ministers 'to give fair consideration and due weight to informed and impartial advice from civil servants', but clearly there is some feeling that all is not working well. Yet this diagnosis of ill-health has not led to proposals for assessing when that advice is, or is not, well informed and of good quality.

The New Zealand government has gone further. It has calculated the cost of policy advice – \$NZ 245 million in the 1992–1993 financial year – thus estimating what ministers are purchasing (Boston *et al.* 1996, p. 129). The government has devised a performance management framework for examining quality with seven defining characteristics: purpose, logic, accuracy, options, consultation, practicality and presentation. Ministers are asked every three months to indicate their level of satisfaction, as an input to the review of the performance of departmental secretaries by the State Services Commission (Hunn 1994, pp. 31–2). But the authors of the initiative acknowledge that ministers may not always be the best people to judge quality and that they may have a particular problem in those cases when the advice was necessary, but not welcome. In addition the evaluation of advice was part of the process of assessing official performance; policy advice was not the principal subject of inquiry. Even after this attempt to calculate where there is the best performance, observers can only comment that 'some departments have acquired a well-deserved reputation for producing excellent work, whereas others have been much less successful' (Boston *et al.* 1996, p. 133).

That the problem is hard is not in debate. That difficulty creates a pressing requirement to assess the methodology and impact of those experiments that have been undertaken. In that spirit this article examines an experiment in Australia where a series of Policy Management Reviews (PMRs) were undertaken to assess the performance of central agencies in the provision of advice and, more broadly, in developing that advice. This article describes the Australian process, explains some of the dilemmas, and suggests the valuable – if limited – benefits that can flow from this method of evaluating policy advice.

## THE ORIGINS OF POLICY MANAGEMENT REVIEWS

The second half of the 1980s saw an extension of a broad managerialist agenda within the Australian public service. Departments were required to develop corporate plans, set performance targets and evaluate their performance. Budgets were to be determined by programmes and outputs, rather than traditional inputs. Evaluation became mandatory, with the emphasis on determining the cost effectiveness of programmes in meeting their policy objectives. For most departments providing services to the public, a range of methodologies could be adopted to test performance.

But central agencies were faced with a different problem. When parliamentary committees asked what 'value-added' they provided, the response was 'policy advice'. If the question was then asked: 'how well was it pro-



vided?' there was little evidence to justify the confidence that it was of a high standard. The central agencies therefore had to develop a means of assessing policy advice in order to conform to the same standards of evaluation imposed on line departments.

A working party made up from officials of the four central agencies (Prime Minister and Cabinet, Treasury, Finance and the Public Service Commission) was established to examine the problem. It first explored the experience of other nations:

The overseas trip was interesting and useful in teasing out very different cultural and philosophical approaches to whether, and if so, how the business of policy advising should be evaluated. With the French it really was the 'Gallic shrug', as though to say that we really were quite mad in wanting to ask any of these questions. Whitehall was somewhat different. Paraphrasing Dr Johnson, the British saw it as not a question of whether you ought to do policy evaluation well. Instead it was a question of why on earth would you want to evaluate policy advice at all given that, self-evidently, anybody in the Whitehall advising policy game must be doing it well.

The US was quite different again, and useful. Though structurally and constitutionally distinct from the system that we are accustomed to here, there was a great deal more yeast and openness in terms of questioning the mores, the value and the appropriate application of policies (Waller 1996, p. 70)

Yet if some nations were sceptical of the value of the exercise, Australian central agencies felt they had no choice if they were to answer the questions being asked by Parliament. The problem was therefore not whether to evaluate, but how to do so.

The Task Force's report, *Performance Assessment of Policy Work* (PAPW 1992), was judicious and careful. (An abbreviated version was soon published: Waller 1992). It explained the process for developing good advice and acknowledged the contingent nature of evaluating good policy advice which involves:

- taking a difficult and sometimes poorly understood problem or issue and structuring it so that it can be thought about in a systematic way,
- gathering the minimum necessary information and applying the appropriate analytical framework,
- formulating effective options addressing, where necessary, mechanisms for implementation and evaluation; and
- communicating the results of the work to the government in a timely and understandable way (PAPW 1992, pp. 8–9).

The object of the evaluation – policy advice – was seen as more than merely consideration of the final paper to the minister; it incorporated the whole process of understanding the problems, co-ordinating the responses and

formulating their advice – in essence, the whole policy cycle from issue identification through to implementation and evaluation.

The report noted the need to consider three aspects: inputs (staff, management practices, information), process and outputs. It acknowledged the first two were easier to analyse than the utility of the advice. Assessing that utility, the report pointed out, 'involves assessing the effectiveness of policy advice, firstly in terms of its effect on the recipient of that advice, secondly whether that person adopts the advice and advocates it and thirdly its effect on the decision-making process.' This need to understand causal links between the quality of the advice and the outcome is made harder by the problem of judging impact, and deciding whether short-term or long-term perspectives are the more appropriate time horizons.

Good advice is therefore both procedural – getting the content right – and presentational – telling it as it is. As the report says:

policy advice is an art or a craft, rather than a science. What the policy adviser is required to do is reach a professional judgement about both the underlying situation and the appropriate course for policy. These judgements must be honest, disciplined and rigorous and be transparent to those to whom the advice is directed (PAPW 1992, p. 9).

Good advice is what ministers should hear. To avoid giving unpalatable information because that advice may be unwelcome is an exercise not in politicization but in servility.

The working party emphasized that policy advising must be confidential, to protect the relationship between ministers and their advisers. Any review must appreciate this confidentiality which restricts the available options for evaluation and people who might be able to undertake them.

The working party report (but not the version later published) then canvassed options. It admitted that informal methods of analysis – ministerial advisers, a better informed private sector, interest groups and governmental research institutes – provides some analysis through the process of contesting and debating policy alternatives. If the public service once had a near monopoly on policy advice, this is no longer true. Ministers are, anyway, always able to make informal assessments of policy advisers. Some political assessment has existed, if not in a systematic way, through parliamentary committees. On behalf of Parliament the Australian Audit Office could assess programme efficiency and report to the Public Accounts Committee. But these methods were informal or tangential to the central issue; none of them provided any formal consideration of the procedures and problems of formulating advice.

If a more formal process was required, the report argued that the choice was either an internal peer assessment, or a Policy Management Review (PMR) undertaken by an external evaluator with specific terms of reference. Either process would need to capture the complexity and time pressures involved in developing policy advice, and to identify suitable areas of pol-

icy (particularly where there are cross-portfolio implications) for evaluation. Further, either process had to be economic in its use of resources, and to rely on a suitable supply of competent people to undertake the analysis. The report saw problems with peer assessment, particularly in the assessment of single policy issues, but saw benefits in PMRs as long as undertaken selectively.

The report, therefore, tentatively recommended a process by which a suitably qualified and experienced expert who would have access to the documentation and officials would then survey the subjects under review. It recognized that there would be a severe limit on the number of suitable evaluators who might be available. It argued that the PMRs would be able to assess input and processes and, possibly, outputs.

The report had been commissioned by the central agencies; it was therefore incumbent on them to set the example and examine some of the programmes in which they had been involved.

### CONTINUING DILEMMA

There is now a familiar series of dilemmas facing those who undertake PMRs. Some relate to context, to the well-defined professional environment within which senior officials must work. For instance, Dr Michael Keating, then the Secretary of the Department of the Prime Minister and Cabinet, argues that the key ethical obligation of public service advisers is:

to ensure that decisions are fully informed and ministers are not misled. To do this the Public Service has to be able to give its advice frankly, without fear and favour. In particular, it has a responsibility to draw on its professional knowledge and accumulated experience to point any possibly unpalatable implications of particular problems which might otherwise have remained unforeseen or been glossed over (Keating 1995).

A further problem is the political context. While the obligation is to provide advice that is frank and fair, to what extent should, or can, advice reflect the interests of the government? Dr Keating noted with approval a colleague's comment that: 'for a public servant to be aware of the government's mandate, philosophic approach, and of the political constraints is not to be political. It is part of being professional to ensure that the advice will be relevant' (Keating 1996, p. 65). There is, of course, a fine balance between determining what might be the 'political' context and introducing partisan elements. Nevertheless the task cannot be avoided.

A further professional requirement is the basis on which officials can make their recommendation. Policy advice need not masquerade as the general or public interest, as though the department is somehow the guardian of that vague doctrine (Keating 1995). Rather it has to be based on a distinct (even if contested) description of the problem, rigorous analysis and logical options and recommendations. The last may be particularly sig-

nificant. As Sir John Crawford, a distinguished departmental head, wrote forty years ago: 'The Permanent Head must accept the responsibility for final advice to the Minister. Pros and cons, yes; but come off the fence too. It is the Permanent Head who takes the jump' (Crawford 1954, p. 163). Judgement must be exercised. Given the complexity of most issues, there is unlikely to be one answer. Ministers may adopt a different option, but they have to know the range of choices and the advice of policy professionals.

There are also problems defining what constitutes a symbol of success, and determining cause and effect. It would be easy to assert that acceptance by ministers is an indication of good advice. But it may not be, in part because advice may be accurate but unpalatable, in part because ministers invariably have several sources of advice. The final decision is the outcome of a contestable process and may reflect a range of influences that are difficult to re-capture. Of course if a department's policy advice is never accepted, it may be because the agency misunderstands the government's directions or because the government is so driven by expediency that they will not hear good advice. If a department's advice is not sought, then clearly it has failed (Sedgwick 1996b, p. 128). But these varying problems may need to be disentangled.

All PMRs will necessarily be retrospective, with the benefits of hindsight and with the advantages of seeing the outcomes. In some cases failure may be attributed to poor policy design, but at other times the advice may be sound but the administration poor (Nicholson 1996, p. 38). The real costs too become available for the PMR, when they could only be estimated at the time. But these are all essentially problems of judgement for the analysts, problems common to all *post-hoc* qualitative analyses.

### THE POLICY MANAGEMENT REVIEWS

Since the 1992 report, five PMRs have been completed. All were commissioned by central agencies, keen to explore ways of assessing their performance. Four of the five have been made publicly available, at least in part (in one case only one half was released). One has been published in an academic journal (Weller 1996). In another case, the reflections of the author have been reproduced in different forums (Uhr 1996a, 1996b).

In order of completion, the PMRs (for a summary, see Gregory 1996) were:

- (1) The Evaluation of the Policy Development of the 1992-93 Carers Package, undertaken by Graham Glenn, a former department secretary, for the Department of the Prime Minister and Cabinet, April 1993. The PMR examined the work of the Interdepartmental Committee, which was established to consider the possibility of extended provision of assistance for carers for the elderly. The government wanted to shift towards a greater focus on care in the community. The Interdepartmental Committee was to organize the data and develop

- options for the Cabinet. The review was to give specific emphasis to the role of the Department of Prime Minister and Cabinet in the activities of the committee.
- (2) Review of Treasury policy advice on the government's response to the report of the parliamentary committee of inquiry into banking. Prepared by Fred Argy for the Treasury, May 1993. This report has not been released.
  - (3) The Evaluation of the Forward Estimate Strategy Papers for the 1993–4 Budget, prepared by Graham Glenn for the Department of Finance in April 1994. This PMR examined the preparation of the forward estimate strategy papers and their impact on ministers. The 1993–4 Budget Paper had sought to give greater emphasis to strategic direction than in earlier years by developing plausible new options for containing outlay growth. The review examined in detail two strategy papers, on environmental programmes and child care, from the 48 prepared by the department. The first programme related to cross-portfolio programmes, the latter to a specific, well-understood growth programme.
  - (4) Review of Finance's Role in Promoting and Using Evaluation, a paper prepared by Dr John Uhr, Federalism Research Centre, Australian National University for the Department of Finance in June 1993. The review examined the performance of two interdepartmental committees, in which Finance was a key participant, to test the use of programme evaluation. The two cases were aged care services for Aboriginal and Torres Strait Island people, and cost recovery practices in the Commonwealth management of Australian Fisheries.
  - (5) Review of Commonwealth-State Reform Processes, prepared for the Department of Prime Minister and Cabinet by Professor Patrick Weller, Centre for Australian Public Sector Management, Griffith University, June 1995. The PMR considered the preparation of agenda and advice for the Council of Australian Governments (an intergovernmental body made up of the Prime Minister and state premiers) in relation to micro-economic reform. The PMR took six areas of reform and reviewed reasons why some succeeded more than others; in particular it considered the impact of the Department of Prime Minister and Cabinet on facilitating the process. It drew conclusions about the strategies that worked the best and was published soon after completion (Weller 1996).

The methodology of the PMRs was consistent: an examination of available documents, coupled with interviews with the key actors. But they did not follow any pre-determined path. For the PMR on the Commonwealth State Reform Processes, for instance, seven policy areas were examined, and interviews held with four state premiers and 36 officials across the

Commonwealth government, six states and one territory. It therefore provided a fairly rigorous cross-checking of perceptions on what might work.

There is a criticism that, failing a common methodology, there is little reason to accept the findings as anything but an individual's views, and that it is not possible to see how findings spring from the review (Colebatch 1996). Yet it is difficult to see to what degree any common external methodology could be applied to the disparate subjects. These ranged from the analysis of the strategies of providing policy advice to the Council of Australian Governments – a broad multi-purpose, council of first ministers – to internal advice on forward estimates. To require a rigid methodology would restrict the usefulness and the possible range of subjects that might be amenable to that process. In addition, it is difficult in developing the project to be precise about exactly what information will become available. The PAPW report recognized the need to select evaluators carefully and rely on their judgement. Indeed, if policy advice is accepted as the exercise of judgement, how else can it be evaluated other than by a further exercise of judgement?

### SOME LESSONS

To this point all PMRs have been undertaken by those promoting the idea, the central agencies (primarily the Departments of Prime Minister and Cabinet and Finance). Perhaps they had a greater need to explain their value-adding participation in the advisory process. The initiation of PMRs by these central agencies has a necessary consequence: the evaluation is looking for the contribution made by the central agency, which is often as much concerned with co-ordination and process as with outcome. In some of the cases the central agency may have acted as the driver and catalyst for policy development; the Department of Prime Minister and Cabinet, for instance, was the initiator of competition policy and for many of the changes to federal-state relations. Yet much of the later detailed work has to be done in line departments. In other cases, when the policy initiative lies with line departments, central agencies will assist to shape proposals, set some of the rules and provide some input, whether based on political realism or whole-of-government perspectives. For that reason, it is perhaps harder to identify exactly what central departments add in policy terms. PMRs on central agencies are therefore starting with cases that will be harder and more complex than those where policy advice is primarily limited to a line department. It would be easy to extend them to those more traditional areas, where causal links may be easier to identify. It might also be useful, as one observer noted, to examine a disaster in policy advice, to see what went wrong (if any agency is prepared to participate in such a soul-baring exercise).

Each PMR evaluator tried to draw lessons from the analysis. The PMR on carers identified areas that should have been done better, and proposed the department in future ensure certain policy conditions were met. The

PMR on forward estimates concluded that, since these papers had little impact on ministers, a less costly process might be developed if the primary benefit of the demands for the forward estimates was to act as an internal catalyst for work on expenditure growth. The report on Commonwealth State Reform Processes noted conditions that led to successful reforms and the lessons which might be drawn. Two PMRs provided check lists for policy advisers, as possible guides for action or as *aides memoires* when asking what else might need to be done.

The PMRs have therefore tended to report in two parts: to explain what happened, and to provide lessons that might be adopted for future practice, and for training. None of the findings have perhaps been startling for our understanding of the way policy-making works. They reflect and develop the wisdom, rather than shake it; but do provide a means of examining processes in a structured way rare at the frenetic pace of central government.

The recipients have been satisfied that some benefits have accrued. Dr Keating wrote to department heads in May 1995 arguing that 'I see potential for more widespread application of the options for performance assessment of policy work, including the use of the PMR methodology, particularly as a means of expanding the pool of information available to policy managers' (quoted in Gregory 1996, p. 160). The Secretary of the Department of Finance concluded that, while their early caution was valid, 'the results of PMR undertaken to date show that the technique has promise, including for the policy advising of line agencies' (Sedgwick 1996a, p. 89).

## CONCLUSIONS

The Australian experience represents a sustained attempt to come to terms with the problems of assessing policy advice. The contingent nature of advice is recognized, the problems of identifying the multiple strands accepted. The PMRs are designed to analyse the process of developing policy advice for ministers, while acknowledging a need to protect the confidentiality of the relationship.

The PMR process does not pretend to provide a complete answer, nor does it replace the need for more formal evaluations of government programmes. Rather a PMR can provide insight into the process of providing advice, and more particularly on the capacities of co-ordinating agencies in providing inputs.

The existing PMRs were all undertaken when a government had been in power for some time; this may be a significant factor. Procedures may have been well established and consequently lessons could be applied to well-established routines. But the basic questions about quality will not change with the election of a new government.

The Australian PMR outcomes suggest the number of evaluations that can usefully be completed may be finite. PMRs provide ideas and give guides to action. Every line department could undertake analyses and draw

lessons. But, since precisely the same circumstances will not re-occur, it is these lessons, more than the analysis of the particular case, that will be of the greatest benefit. In addition, as the initial report noted, the availability of suitable evaluators is likely to be limited.

Yet policy evaluations are worth developing. The cost of PMRs is fairly small compared to the potential benefits in an area where too little is known and too much is assumed. As long as policy advice is a recognized skill, its quality should be assessed. PMRs are an initial step worth taking.

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## REVIEWS

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### THE NEW PUBLIC MANAGEMENT IN ACTION

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E. Ferlie, A. Pettigrew, L. Ashburner, L. FitzGerald  
Oxford University Press, 1996. £35 (cloth), £14.99 (paper)

This book is a welcome addition to the 'new public management' literature. The main contribution of Ferlie and colleagues lies in their presentation of primary and secondary empirical findings within a coherent theoretical framework. Unlike some studies in this field, they do not fall into the trap of merely documenting and describing the various public sector management initiatives since 1979. Instead they focus primarily on two sectors – health and education – and explore the impact of the various initiatives upon organization and management. The material on health is particularly good, arising out of the authors' own highly regarded research programme. However, there is an inevitable price to be paid. By concentrating on only two sectors, as the authors themselves recognize, the wider significance of their findings for other parts of the public sector can be questioned. It should also be mentioned that while the authors demonstrate an awareness of developments in other countries, the principal focus is on the UK and England in particular.

The book opens with a competent overview of 'new public management'. Subsequent chapters explore public sector restructuring, the creation and evolution of quasi-markets, transformational change, board composition and processes, professionals and public management, and accountability. The chapters are clearly set out and generally well written. The concluding chapter draws out some of the themes developed earlier in values in either health or education, though in health an embryonic shift in cognitive frameworks is identified. In health care, the authors argue that the medical profession remains powerful and in some respects has gained autonomy and influence by taking on managerial roles. They conclude that a uni-directional shift of power from professions to managers in health care is unsubstantiated, a finding supported by other studies (S. Walby and J. Greenwell. 1994. *Medicine and Nursing: Professions in a Changing Health Service*. London: Sage). More generally, the authors find that 'new public management' has brought about substantial changes, but the effect has not been uniform. Moreover, the outcome of reform has often been complex, resulting in an accommodation of new ideas and processes rather than a complete replacement of the old systems and values. The book ends with the usual call for more research, particularly cross-sector and cross-national comparisons, and for the development of appropriate conceptual tools, including more robust models of accountability.

Perhaps the authors could have been a little more ambitious in setting out a new direction, particularly in the field of conceptual frameworks. They are also a little reticent in setting out how the new public management might develop (although published in 1996, the book could have been written with the possibility of a change in government more explicitly in mind). One or two other critical points can also be made. The book focuses on organizational change, but more detail on the actual impact of management reforms on efficiency, effectiveness and equity would have been welcome. After all, these outcomes have fed back into the policy debate, thereby generating further initiatives and change. This leads on to another point. The study does not attach sufficient weight to the political context of managerial reform. Although new right ideas and the approach of the Thatcher government are discussed, the analysis of the politics of management reform is not well-developed. In particular, the continuities and

changes between the approaches of the Thatcher and Major governments are not examined. As a result, some of the important developments in public sector management during the Major years – market testing, private finance, the Nolan reforms, the Citizen's (and Patient's) Charter are not fully explored.

In summary, this book will be useful to students and researchers in the field of public sector management and in particular those interested in health services research. As a study of organizational and managerial change, it certainly gets my endorsement. However, those wanting to know more about the processes of policy change or the impact of 'new public management' reforms on services will be less satisfied.

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## LEGITIMACY IN PUBLIC ADMINISTRATION: A DISCOURSE ANALYSIS

O. C. McSwite

Sage Publications, 1997. 306 pp. £39.99 (cloth), £17.50 (paper)

The plot is simple. In the beginning was the good – a naive good with some problems but still the good. Then came the bad, triumphing partly because of the naiveté of the good and partly because of the subtle power of its wickedness. Now, however, the good will return. To some extent its return derives from an inexorable process, but at the same time it requires us to act for it. Provided we do our bit, the good will triumph, a good, moreover, that will be fully conscious of itself. This plot is familiar to us from sources such as the Bible, romanticism, Marxism, and new age religion. Professors Orion F. White and Cynthia J. McSwain, writing as McSwite, now narrate the history of American government using this plot.

The bad is government based on a Man of Reason theory of governance. Citizens can vote, but their participation in government is thus limited, with an élite governing wisely on their behalf. Such government creates a legitimacy problem: it raises the questions, 'what is the proper relationship of administration to politics in democratic government?' and 'can bureaucracy be a legitimate part of democratic governance?'. McSwite shows how both Herman Finer and Carl Friedrich, in their famous debate on these questions, tacitly assumed a Man of Reason theory of governance. The good, in contrast, is a decentralized, communal form of government characterized by dialogue, openness, and co-operation. McSwite argues that such a form of government removes the legitimacy problem. The nature of the involvement of citizens in the processes of administration constitutes its legitimacy.

The bulk of McSwite's argument consists of a historical study of the fortunes of the good and the bad. The present American Constitution represents the triumph of bad federalists over good Articles of Confederation defended by anti-federalists. Its establishment led inexorably to the economic injustice, social dislocation, and political corruption of turn of the century America. The pragmatists, populists, and some progressives tried to overcome such evils by returning to the good, with public administration being founded as a part of their efforts. Sadly, however, public administration was transformed into a form of technocratic Utopianism: it became a matter of professional expertise, not a popular, collaborative mode of governance. McSwite traces the dominance of the Man of Reason view of governance from the founding of American public administration, through Herbert Simon's modernist revolution, on to the Minnowbrook Meeting and the Blacksburg Manifesto. Now however, McSwite continues, post-modernism is inspiring theories akin to those of the anti-federalists and pragmatists. In particular, there is a growing interest in a facilitative administration based on open dialogue and co-operation with citizens, not the élite application of expertise. McSwite suggests this

interest might inspire an appropriate understanding of our relation to others, thereby enabling us to leave behind the legitimacy problem and bring a new dawn to public administration.

The overall impression left by the work is of a challenging critique of mainstream public administration weakened by conceptual confusions and unresolved issues. There is, for example, the conflation of various notions of reason, including reason as antipathy to contradiction, reason as adherence to some beliefs to the exclusion of others, reason as faith in scientific and/or ethical certainty, and reason as an exercise of judgement based on professional expertise. There are, moreover, unfortunate appeals to functionalist explanations in a work committed to a post-modernism that shows such explanations to be in error. There is, finally, the failure to tell us 'how to make the process of discussion work' – to spell out 'the details of an effective participatory process' – a failure made all the more strange by McSwite's insistence that this failure was the undoing of the participatory administration movement. Perhaps McSwite's work is itself a naive version of the good. Or maybe the real lesson of post-modernism is that there is something wrong with the plot – with pure origins, good against bad, and a final good.

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## RETHINKING LOCAL DEMOCRACY

Desmond King and Gerry Stoker (eds.)

Macmillan 1996. 254 pp. Price not known

This book is intended to stimulate and contribute to a debate about the proper role of local government and the value of local democracy. In other words it explores the issues of why and how local government could be developed to strengthen local democracy.

Gerry Stoker argues in his introduction that the restructuring of local government has raised fundamental questions about the value of local government and of local democracy. The most readily available answers derive from nineteenth century arguments, well represented by John Stuart Mill. He argues however that there is a need to break out of the mould that casts the case for local government in terms of pluralism, participation and efficiency.

This book attempts to do this not by starting with local government as he argues, perhaps unfairly, past approaches have done – for that was certainly not Mill's approach – but by taking major currents in social and political theory and asking what place local government and democracy had in these approaches.

It leads to some fascinating approaches. Particularly important are the contributions by David Beetham on theorizing democracy, Anne Phillips on Feminism, Elizabeth Frazer on the Value of Locality and Kieron Walsh on the efficiency of public services. Each of these chapters explores the relevance of their topics to local government. Interestingly David Beetham's analysis of democratic theory leads to statements about the value of local government not too dissimilar from the mould which the book was intended to break away from, showing the resilience of those ideas.

Although full of interest the book is finally disappointing. There are important strands of thinking that are not represented. Thus the contributions of economic theory and legal theory are never set out, except in so far as the former is subject to a critique. It is remarkable that the writings of Christopher Foster and Martin Loughlin do not appear in the bibliography. The thinkers on the right are again represented only by a critique.

Important concepts that are relevant to any reformulation of local government and local democracy are barely touched on. the learning government, although Walsh's passages on dynamic efficiency are relevant; the nature of experienced local knowledge although Philip's

writing has relevance here; the role of local government in reconciling different interests' although Frazer's work on locality touches on it and perhaps the importance of collective choice in a society in which choice is given increased emphasis. Nor is the relationship between local government and local democracy and the extent of interdependence between them clarified.

These are not necessarily fundamental criticisms. They may merely indicate that reviewers' current interests differ from those of the editors. The real problem with the book is that at the end there is no attempt to bring it together. One is left feeling that there are some interesting ideas but what has been the overall contribution to *Rethinking Local Democracy*? There is no conclusion equivalent to the introduction. All there is as a conclusion is a fairly slight piece by Desmond King posing the issue of a clash between local democracy and equity to which he proposes no solution merely asking for others to do so. It might have made do as one of the contributions, but as a conclusion it does not meet the requirements of the introduction.

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## LOCAL DEMOCRACY AND LOCAL GOVERNMENT

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L. Pratchett and D. Wilson (eds.)  
Macmillan, 1996. 256 pp. £11.99

Essentially this book brings together the work of the Commission for Local Democracy, in that it contains ten of the original contributions produced by the Commission, plus an Introduction and Conclusion by the editors. It is a useful collection to have, one which is readily accessible to students, and one containing material which it might well be difficult to find elsewhere. Most of the material covers the subject matter from a UK perspective, though there are useful allusions to experience elsewhere when relevant. A reformist thread runs through most contributions, though not always equating local democracy with local government, or seeing the two as a 'good thing.'

Having said that, much of the material is familiar as are the arguments. Thus Anne Phillips answers the question 'Why does Local Democracy Matter?', whilst Gerry Stoker examines ways in which we might 'Redefine Local Democracy', drawing heavily on his own edited book published in the same series by the same publishers in the same year. John Stewart continues his campaign against the New Magistracy in terms familiar to those who have followed his arguments elsewhere. Rallings *et al.* remind us how few people participate in local elections and local affairs, but do so in a useful fashion – revealing trends over time, but also reminding us that all localities are unique, and that we still have no explanation as to why electors in Wigan should be markedly more reluctant to exercise their vote than their counterparts in Stockport ... but otherwise greater party competition, length of residence, age, type of tenure are all likely to persuade voters to vote. Important to note in this context, however, is that turnout in local elections has been rising, though the increasing number of one party local states might lead to a decrease in turnout over time. The authors could have examined the impact of size of unit on turnout in more depth, but given the size of British local authorities, a comparative analysis might be more helpful. Martin Loughlin's essay on the constitutional position of local government also covers familiar ground, though his discussion of different forms of accountability is helpful. All good solid stuff, but hardly likely to do more than set undergraduates along the right lines.

However, some of the other contributions are more intriguing. It is particularly good to have the Jones/Travers piece on central government perceptions of local government included here. It not only captures the arrogance of ministers and civil servants as far as local govern-

ment is concerned, but also highlights the fact that even the arrogant believe that local government is important, and perhaps that some of the Thatcher changes went too far! Pratchett and Wingfield contribute an essay on the changing public service ethos as represented by local government officers. They draw on some good survey evidence to show that it is changing, but perhaps less quickly than some might think. Here one would raise the question of the symbolic nature of the changes – not all chief executives, for example, are true New Public Managers, but they can all speak the jargon. Chris Game and Steve Leach usefully update party politics in local government, and their suggestion that parties, whilst remaining dominant, are challenged both by new social movements and by new devices used by local authorities for testing public opinion (referenda, user surveys, citizen polls, etc.) is an interesting one. They also show clearly the growing tendency for no party to win control of councils: hung councils increased from 25% in 1986 to 35% in 1995 ... though Labour victories in subsequent years will have reversed that picture somewhat. Greer and Hoggett consider local quangos, covering a number of points, including the increased networking at local level between these local agencies. Finally, Hilary Kitchen examines the idea of introducing a general competence power for British local government – something more commonly found in other European countries such as Germany, France and Scandinavia – though here the real comparison is perhaps with Scandinavia. She also reviews the 'free commune' experiment in Scandinavia – more a process of administrative deregulation than a genuine exercise in local democracy.

The editors provide a good introduction and concluding summary to the pieces, without doing much to disturb the overall thrust of the collection. Why then is this reviewer only moderately enthusiastic about the book, even though the text is eminently suitable for student use? Partly it might be because there is an implicit assumption that local government is a good thing because it is either a) inherently democratic or b) more democratic than other forms of government. Partly it is because although a contributor to the *Redefining Local Democracy* collection, I do believe that book addresses issues of local democracy rather better than does this book: it largely avoids equating the two and is clearer on some of the conceptual issues involved. Partly it is because I saw the pieces in their original format from the Commission for Local Democracy. But then it is important to keep on telling people that local government matters because it can help enhance the quality of democracy in a society; to highlight some of the current deficiencies, and perhaps begin to change some attitudes, especially amongst those at the centre in Whitehall and Westminster – after all, to paraphrase something Jim Sharpe once said to me a long time ago about local government reform – we might know that change is necessary, but we have to go on telling people it is until they believe it as well. In this context Pratchett and Wilson have done most of us, practitioners and academics, as well as our students, a service in putting together this collection.

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## AN ASSEMBLY FOR WALES – SENEDD I CYMRU

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### The Constitution Unit

University College London, 1996. 172 pp. £10

The Constitution Unit was a research project, established in 1995 to conduct an independent inquiry into the implementation of constitutional reform. This report into 'An Assembly for Wales' is one of three reports, published simultaneously, which examine the case for devolution for Scotland, Wales and the English regions. The report is not another partisan document extolling the virtues or denigrating the deficiencies of the principle of devolution. Instead it describes itself as a 'technical inquiry into the implementation of constitutional reform, aiming

to identify the practical difficulties facing a reforming government in introducing a Welsh Assembly, and possible solutions to those difficulties'. Thus, it stands in contrast to the Labour government's own White Paper on the issue *A Voice for Wales – Llais dros Cymru* which reads much more as a political document, setting the case for the government's proposals and trying to answer the case of opponents to devolution.

The Constitution Unit thus see themselves performing the role of pathfinders for a new government, charting a course for constitutional reformers and advising how to navigate the obstacles they will encounter. There are probably several well-thumbed copies of this report in the Welsh Office and the Cabinet Office Constitution Unit by now. However, it will be useful to more than just a few civil servants and ministers trying to get to grips with constitutional entrenchment and the merits of revenue raising powers. The early chapters, detailing the historical and contemporary background to the devolution debate in Wales, including a very good critique of the Wales Act, offer a very good starting point for anyone who wants to understand the nature of the Welsh Question today. One of the merits of this report is that it deals briskly with some of the false arguments surrounding devolution. For example, the claims put forward by Plaid Cymru that tax revenues in Wales exceed current government expenditure in Wales or the proposition that the West Lothian Question poses an insurmountable obstacle to any measure of devolution within the United Kingdom are both disposed of neatly and quickly. What remains is a serious discussion of the real opportunities and difficulties which devolution pose for Wales and the United Kingdom.

However, it would be wrong to regard the authors of this report simply as a group of selfless and impartial philosopher kings (who took advice from a consultative group in Wales that reads like a small section of the Welsh great and the good). For them (and us) the real proof of this document's utility is whether the government has actually followed the path set by these intrepid explorers. Here the case is mixed. The Labour Party was converted to a pre-legislative referendum shortly after the publication of this report and ditched its earlier position that the election of a Labour government was sufficient endorsement of its devolution proposals. Also, the Labour Party in Wales was converted to a system of proportional representation for elections to the Assembly and dropped its long standing attachment to 'first past the post'. On the powers of an Assembly however, the Constitution Unit has been ignored. This report makes a strong case for a measure of legislative devolution to be granted to a Welsh Assembly. The Labour government in *A Voice for Wales* have refused to countenance such a substantial change. This report also makes out the case for a Welsh Assembly to have some revenue raising powers if it is to be a powerful assembly able to make choices for Wales that deviate from those made for England. Again the Labour government have refused to give the Assembly any revenue-raising powers of its own.

These and other deviations from the recommendations of the Constitution Unit's proposals show clearly the truth of the concluding comments in this report namely that devolution, and constitutional change generally, is a political and not simply a technical matter. A technical inquiry can inform policy but should never be confused with politics. Given this limitation, the report is a valuable discussion of devolution in Wales and if it raises the tone of the referendum debate in Wales even slightly above that achieved in 1979, it will have more than justified itself.

Dylan Griffiths  
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## SCOTLAND'S PARLIAMENT: FUNDAMENTALS FOR A NEW SCOTLAND ACT

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### The Constitution Unit

University College London, 1996. 175 pp. £10

The Constitution Unit's report on devolution for Scotland reflects the maturity of the debate on this topic, at least in comparison with devolution for Wales or the English regions. Unlike the reports on devolution for Wales or the English regions, which were published simultaneously with this report, there is little discussion of arguments for devolution in principle or of the internal workings of a settlement in Scotland, how a Parliament would operate and what it might actually do. Instead there is more discussion on the possible relationships between a Scottish Parliament and the rest of the political system. Much of this maturity comes not only from the merits of the authors of this report or of the large Consultative Group in Scotland they dealt with, but also from the fact that a great many wise heads have pondered over the intricacies of Scottish devolution since the 1970s. The report often explicitly refers to the Scottish Devolution Bills of the 1970s, Dewar's Devolution Bill of 1987 and, of course, the work of the Scottish Constitutional Convention. The deliberations of all these bodies and persons means that there is, by today, a great deal of agreement among what might be termed 'progressive opinion' in Scotland on the main elements of a devolution package for Scotland. This report reflects that consensus.

If that was all that could be said for this report then it might be left unread, save by those who wanted a concise introduction to Scottish devolution and the wider issues it raises. However, the Constitution Unit has wisely used its independent status to be a critical friend to a government which wishes to create a Scottish Parliament as part of a wider package of constitutional reform and has sought to discuss how much detail might be needed in a draft Scottish Devolution Bill and what elements might need to be added or subtracted to make the proposals work in practice. Here, the report is prepared to describe and face difficulties squarely, in contrast sometimes to the Scottish Office's White Paper on devolution, *Scotland's Parliament*, published in the summer of 1997. The Constitution Unit report is blunt about the potential difficulties concerning the financial provisions of Scottish devolution and calls for mechanisms to examine need and expenditure throughout the nations and regions of the United Kingdom to be established as part of a devolution settlement. This seems like sound good sense. Although, as the report states, it will take a measure of goodwill on all sides to make devolution in the United Kingdom work, structures can facilitate the bargaining and negotiation that will inevitably take place. Also, the Constitution Unit is clearer about the logic of devolution to a Scottish Parliament and the implication of redundancy this has for the position of Secretary of State for Scotland in the longer run, a logical consequence the government either rejects or refuses to acknowledge. Generally though, the extent to which this report reads like a prospect of the White Paper of the same name is remarkable. An enforced pause for thought of over twenty years duration has not been altogether in vain and this report reads like a accurate a distillation of that prolonged reflection as I have seen.

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## REGIONAL GOVERNMENT IN ENGLAND

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### The Constitution Unit

University College London, 1996. 120 pp. £10

This report is one of three reports published simultaneously by the Constitution Unit in 1996 on devolution in Scotland, Wales, and, in this case, Regional Government in England. Indicative of the comparatively weak debate on devolution within England to date this is the briefest of the three reports and much of the discussion is deliberately tentative and even exploratory. Basic questions such as the boundaries of regions, the powers of regions, whether regional representatives should be directly or indirectly elected are raised, outlined but not fully answered (though that is not the aim of this report it has to be said). The report's approach to several questions, even the most fundamental ones at the heart of the Constitution Unit's work, namely how can progress towards devolution to the English regions be best achieved by a progressive government is answered by suggesting several different models and discussing the merits and demerits of each. This report poses many of the questions that need to be asked about devolution in England but does not provide the answers. Having said that, especially in its chapter on regional government in Europe it provides much information that should improve the quality of debate on what regional assemblies can do, what powers they should have and what relationships they ought to have with central governments. The final point it makes on devolution to the English regions is perhaps the most pertinent of all. Whether the English devolution debate will take place, whether it will take place at a high level intellectually and what will be the outcome of that debate if it takes place is a matter of political will and needs a powerful political champion to push it forward. It is too early to say if John Prescott can play that role within the Labour government.

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## PEOPLE WHO RUN EUROPE

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### E.C. Page

Clarendon Press, 1997. 178 pp. £30

This book is based on an Economic and Social Research Council funded study of European Union (EU) employees, and more particularly senior EU officials. Most attention is inevitably focused on European Commission officials. There are two reasons why this is inevitable. First, most people who work for the EU work for the Commission – of 28,035 declared EU employees in 1995, 19,803 were attached to the Commission. Second, the Commission bureaucracy is at the very heart of the EU system of governance by virtue of the strong treaty powers which are given to the Commission in respect of both policy initiation and policy implementation. In respect of policy initiation, the Commission has the exclusive right to formally propose policies under pillar one of the Maastricht Treaty (that is, the European Community pillar), and the non-exclusive right to propose policies under pillar two (Common Foreign and Security Policy) and pillar three (Justice and Home Affairs). In respect of policy implementation, it directly implements what in some ways is the EU's most important and most high profile policy – competition policy – and it is charged with exercising a wide range of supervisory powers over the different agencies in the member states which undertake most front-line implementation of EU policies.

Previously published work on the Commission has focused on many different aspects of its nature and functioning and has approached it from several different angles. Amongst the



different aspects of nature and functioning that have received attention are internal structures – presidency, Commissioners, *cabinets*, Directorates General etc., working practices, and influence. Among the different approaches that have been used are the conventional ones of examination of documentation and interviewing of officials, and the rather less conventional ones of participant observation and social anthropological investigation.

Page's book breaks new ground, both in terms of what he studies and the approach he takes. He analyses data on EU officials to present a wide range of detailed information on such indicators as age, gender, education, nationality, numbers of established and of seconded/temporary officials, and of 'career officials' and 'parachutists'. The information and associated discussion on this last mentioned indicator is especially interesting, with Page showing that expectations that parachutists – that is, those who have been appointed directly to senior administrative positions from the outside – would decline in number as the EU matured have not been realized. Whilst it has long been recognized that all appointments in the Commission above the senior management A3 level are political insofar as they are subject to an unofficial national quota system and involve the approval of Commissioners, it is less well known that as many as four-fifths of the most senior officials – Directors General (A1) – are parachutists, as are three-fifths of Assistant Directors General and Directors (A2).

Page supplements his data analysis with an application to the EU civil service of what he sees as being four key questions asked in the literature on national civil services: to what extent is there cohesion at EU administrative levels?; is there institutionalized political control of the EU bureaucracy?; can the EU bureaucracy be conceived of as constituting a caste?; and how permeable is the EU bureaucracy in the sense of opening its policy processes to interest groups? In answering these questions in relation to the EU, Page makes good use of comparative material to show that in important respects the EU administration is not as unique as it is sometimes portrayed as being.

An aspect of the book with which many readers will doubtless take issue is Page's challenge (though it is not formally articulated as such) to those many academic commentators who argue that the Commission exercises a strong and quasi-independent influence within EU policy processes. For Page, 'diffuse political supervision' means that the Commission's independence is extremely limited, even in respect of relatively routine secondary decisions. 'Issues can be taken out of the bureaucratic and into the intergovernmental-interinstitutional bargaining arena far more easily in the European Union than they can be moved out of the bureaucratic arena in most member states'. Perhaps so, but is it not the case that the debate in the intergovernmental-interinstitutional arena is commonly based on Commission ideas and entrepreneurship?

It is a little disappointing that no attempt is made to examine whether there are significant contrasts between the officials of different EU institutions in terms of how they view the European integration process and the role of themselves and their institutions therein. Do, for example, Council, EP, and Commission officials have strong, and potentially conflicting, institutional loyalties and, if so, does this damage the efficiency of policy processes?

Notwithstanding, however, my wish for 'a little more', this is an extremely useful, well-organized, and thoroughly researched book.

Neill Nugent  
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## ÖFFENTLICHE VERWALTUNG IN DEUTSCHLAND

Klaus König and Heinrich Siedentopf (eds.)

Nomos Verlagsgesellschaft, 1996/97. 808 pp. 98 DM

*Öffentliche Verwaltung in Deutschland* is essential reading for students, scholars and practitioners interested in public administration in Germany. The book covers ten key areas of German public administration: (1) foundation of the administrative system, i.e. its history, constitution, societal and economic environment, development and reform; (2) organization; (3) independence/autonomy; (4) tasks; (5) steering/planning; (6) decision ('*Entscheidung*' see below); (7) personnel; (8) leadership; (9) political, judicial and financial control; and (10) Europeanization/ internationalization. With 40 single contributions, divided among these ten sections, the analysis simultaneously spans wide and goes in depth. Hence, the book is an obvious purchase for libraries, in fact a must. The coherence and thoroughness of the book is still so persuasive as to make it enjoyable reading and worthwhile buying for people working within this field.

The predecessor of the book is from 1981 where the somewhat smaller book (approximately 500 pages) dealt with public administration in the Federal Republic of Germany. The present volume should not just be seen as a second, i.e. revised, edition of the König/von Oertzen/Wagener book. In fact the new book lists three reasons as to why one and a half decades has outdated the earlier book. Obviously the event of a re-unified Germany has had considerable importance, and a number of institutions and people are still and will be in transition. Secondly, the issues of modernization and reform on the federal, state and local levels have intensified and are discussed widely so that the status quo is being questioned. Finally, the contextual factors of the EU and the global economy signify a qualitative and substantial departure from the past.

Viewed within this framework, the thing the book does best is to be more than a mere extrapolation of the 1981 book. What is less clear is its treatment of the three effects (unification, modernization, globalization) in a systematic fashion. The analyses are at best *ad hoc* and at worst the perspectives are neglected or forgotten entirely. In such a large volume it is clearly difficult if not impossible to summarize and systematize the effects in a (potential) concluding chapter, still the reader is left with a puzzle concerning the actual cumulative importance of the three single effects as well as their relative weight.

The role of public law in Germany is central in understanding the functioning of many processes and procedures of the administrative machinery. The book manages to convey this message without getting wound up in too many details regarding statutes and laws. This balance is also permitted and emphasized through the various backgrounds of the more than forty authors. The section on '*Entscheidung*' provides a good example. Here there is a stimulating chapter examining decisional procedures, in addition to considerations dealing with philosophy of law issues. A second chapter treats the theoretical basis of public decisions and what methods are deployed for arriving at such decisions. The discussion is structured along different legal types and highlights controversial matters. How do we define rationality? Or even more basic, how do we define and choose among problems and generate sufficient alternatives. Here it is difficult to do justice to the subtleties brought up. Still, such issues are not new altogether. They belong to the bunch of administrative dilemmas and difficulties that have been around the discipline for decades. In a volume like this, however, it is a very welcome approach and illustrates that notions of 'post modern' administration are not necessary (or, even needed?) to make interesting analysis and reading within public administration.

Generally, the book is comprehensive in its coverage, the parts well proportioned, all the individual contributions rigorous and well structured, in addition the style of writing always to the point. One shortcoming of the book, bearing its volume in mind, is, however that there is almost nothing in terms of diagrams, tables, maps or even numbers. Just to provide a few examples, the section on organization (*Aufbau*) could be improved by having a couple of dia-

grams, showing the structure, helping and guiding the argument. The section dealing with personnel would benefit from having charts or tables demonstrating developments in past and present public sector employment. Regrettably, easy and informational ways to convey key figures are here omitted. Given the event of unification generally, and the appearance of five new *Länder* in particular, a map depicting territorial boundaries and also mentioning the number of people living within various parts of the administrative apparatus would have been appropriate. A book of almost nine hundred pages would appear far more authoritative and fulfil expectations were such essentials included.

The translation of the book into English and French is in preparation and should be warmly welcomed by those unfamiliar with the German language. Perhaps one could also hope for inclusion of the above mentioned 'missing essentials' as that would make an already very good book even more indispensable.

Morton Resen

# ORGANIZING FOR EUROPE: WHITEHALL, THE BRITISH STATE AND EUROPEAN UNION

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SIMON BULMER AND MARTIN BURCH

The article examines the adaptation of Whitehall to participation in the European Union. Following an Historical Institutionalist analysis, the article argues that the most critical juncture relating to the machinery for the handling of European business was taken in 1960–1961 well before the third, successful application to join the European Communities. Actual accession brought about an adaptation of the machinery and of the processes developed in negotiation to the wider needs of membership rather than a reform of machinery. Thus the most important alteration in Britain's overseas relations since the war was easily accommodated within Whitehall's established approach to handling policy. Developments from the 1970s onwards have largely been accretive and these developments are outlined. However, the article argues that more fundamental challenges deriving from EU membership lie ahead for the structure of the British state.

Over the last twenty-five years one of the most significant challenges to British public administration has derived from membership of the European Union (EU), from accession until 1993 formally known as the European Communities. The resultant adaptation has been overshadowed, however, by the more high-profile turbulence of European policy in the political domain. This turbulence has had two particular forms: intra- and inter-party controversy within British politics; and periodic crises in Britain's relations with EU partners, such as in 1996 over the BSE crisis. While this turbulence has absorbed particular attention amongst analysts, the lower-profile adaptation of Whitehall's machinery of government to European integration has been extensive. By the 1990s all Whitehall departments had had to develop mechanisms for handling EU policy. In so doing, the British machinery of government has revealed itself able smoothly to adapt to EU membership, adjusting incrementally to an organizational response already established during entry negotiations. Surprisingly, in view of the controversies in the political domain, the Europeanization of Whitehall has presented few serious challenges to British practice. However, we suggest that more fundamental questions about the adaptation of the British state to EU membership are now to hand. These challenges extend beyond well-

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established concerns about the impact of European Community (EC) law on the domestic legal system, fears about parliamentary sovereignty and about the threat to sterling of a single currency. They now include challenges to the territorial distribution of power and to the codification of citizens' rights.

In order to develop this argument, we need to go through several stages, beginning with a consideration of the conceptual and theoretical backgrounds to our argument. We then offer an historical-analytical account of adaptation in Whitehall before concluding and raising the issue of the European challenge to the structure of the British state. The historical-analytical account draws on over 100 semi-structured interviews conducted during 1996–97 with serving and retired officials and former ministers. Our interviews covered every UK ministry, including the 'territorials', as well as the UK's Permanent Representation in Brussels.

### ANALYSING ADAPTATION TO THE EUROPEAN UNION

Conceptually, the term 'Europeanization' has come to be used to explain the impact of the EU upon individual states, and to identify the comparative impact across member states. In the broadest terms, Europeanization can be seen as intrinsic to the process leading towards closer integration (Olsen 1995a, p. 21). More specifically, it can be taken as referring to the impact of EU-led changes upon at least two distinct aspects of member states' activities – policy and machinery – and thus opening up two potential avenues of enquiry. Europeanization is prone to being used loosely when examining the impact of EU policies upon member state policies because of the difficulty of isolating an 'EU-effect' from other changes, notably those originating from the global economy. Nevertheless, it is broadly agreed in policy terms that the EU has had a significant effect on member states, especially on such policy areas as agriculture or trade, where competences have been transferred to a significant extent to Brussels.

In assessing the impact of the EU upon public administration this problem of isolating causes is less prominent but there are still different facets of the phenomenon of Europeanization. It has both intra- and inter-state dimensions. In its *intra*-state variant it refers to the impact of EU policies, rules, practices and values upon member state activities in respect of both the making and implementation of policy. First, it refers to the extent to which EC/EU requirements and policies have affected the determination of member states' policy agendas and goals. Secondly, it refers to the extent to which EU practices, operating procedures and administrative values have impinged on, and become embedded in, the administrative practices of member states. Both of these impacts have implications for the machinery of central government and, by extension, for the broader constitutional order. The *inter*-state process of Europeanization, by contrast, is concerned with the impact of the administrative practices and styles of individual member states upon each other and of the member states upon the EU.

In this article our concern is with the *intra*-state impact of Europeanization upon the machinery of government. This impact is generally regarded as great. The nature of the impact, however, is rather 'fuzzy'. There is no overall European principle of organization: there are no practices, style or culture likely to spread with increased interaction (Olsen 1995b, p. 25). Indeed, in Olsen's view, administrative diversity has co-existed with ever closer European political integration. Moreover, considering simply the impact of practices within EU institutions on the member states, part of the problem is that the EU style of administration has only recently become institutionalized. It also remains rather fluid for two reasons. First, the EU policy process is characterized, in Mazey and Richardson's words, by 'uncertain agendas, shifting networks and complex coalitions' (Mazey and Richardson 1996, p. 54). These comments relate to the character of meso-level policy. However, they are themselves part of a wider picture of fluidity brought about by episodic constitutional change within the EU, such as that following through from the 1997 Amsterdam Treaty. Each change has adjusted the policy competences of the EU, as well as changing the institutional rules relating to many policy issues. Both effects have then had an impact within Whitehall, involving some re-calibration of its administrative response.

So far as there is an EU style, it is more in keeping with continental rather than British administrative traditions, with an emphasis on legal rules, codes, technical specialisms and departmental distinctiveness. What is remarkable about British central government's adaptation to the EU, we shall argue, is the extent to which, while change has been substantial, it has been more or less wholly in keeping with British traditions. However, whilst that is true for the machinery of government, more fundamental challenges are arising from EU membership for the constitutional arrangements within which that machinery is situated.

Taking a step back from the phenomenon of Europeanization that we are examining, we turn our attention to our theoretical approach. The approach adopted is historical institutionalism, which – as its name denotes – is concerned with change over time as mediated by institutional structures. On the face of it, historical institutionalism should help with an analysis of the evolving response of Whitehall and of the British state to the external challenge posed by European integration.

Institutional theory is theory of the middle range. It provides a link between deeper, structural factors such as those located in the economy, society and wider polity on the one hand, and human agency on the other. The main assumption is that institutions matter: they serve to channel and prioritize choices; shape actors' behaviour, objectives and values; and thus affect administrative and policy outcomes. Institutional approaches can be broken down into a number of variants. Hall and Taylor (1996) distinguish between sociological, rational choice and historical institutionalism. In addition to the greater variety of approaches, one of the features that

distinguishes this 'new institutionalism' from older forms of institutional analysis is the widening of the definition of the scope and content of an institution (also see Rhodes 1997, pp. 63–84).

Institutions can be analysed in terms of four gradations moving from the formal, through the informal to the normative and cultural:

- *formal institutional structure*: constitutional-legal rules (in so far as they exist), formal organizations and positions;
- *processes and procedures* facilitate the day-to-day functioning of the institutions and govern the networks of relations which spread out from them and connect them with interest groups, local government and so on;
- *codes and guidelines* set out conventions for handling business; and
- *the cultural dimension* relates to the norms, values and identities that are constructed systemically, around individual institutions and, on a micro level, within organizations.

As the term 'gradation' implies, there is no clear boundary between each of them. This situation is especially so in distinguishing between the last two categories.

The formal structure is more evident, easier to chart and thus the best place to begin. It is the formal structure which provides the framework within and around which informal activities take place. It is in the gaps within this framework that the informal and 'cultural' life of the institution takes place. These four gradations of institutionalism are in reality finely integrated, though they can be separated for purposes of analysis. The formal structure, however, has a kind of primacy in that it usually designates who are the players and the rules they have to address – if not necessarily conform to – in order to play the game.

This analytical focus arising from 'new institutionalism' is refined further by historical institutionalists, who move away from a rationalist conception of political action to one where rule-governed behaviour, 'logics of appropriateness' and established ways of doing things determine political action alongside goal-oriented instrumentality (March and Olsen 1989, ch. 9). Similarly, from this perspective, institutions are seen as partial in that they reflect a particular bias, allowing access to some interests while denying it to others and encouraging and highlighting some points of view at the cost of others. Consequently, institutions can be evaluated in terms of the opportunity structures they create and of which actors, and the interests they represent, are most benefited. Consideration can also be given to the extent to which and the ways in which these opportunity structures have changed over time. This ties in with a particular empirical concern of historical institutionalists, namely with change over time (Thelen and Steinmo 1992). Connecting that concern with the institutional gradations outlined above, we might judge that institutional change has been significant and

comprehensive when it has taken place in respect of all four gradations identified above.

Historical institutionalism is the variant of 'new institutionalism' which is applied in this article (see the review in Hall and Taylor 1996). The central concern of this approach is with how and why institutions emerge and change; and with the consequence of change for the pattern of policy outcomes. Historical institutionalism views change as accretive and path-dependent: new institutional components tend to evolve from existing formats. But historical institutionalists subscribe to both evolutionary and transformative models of change. The evolutionary perspective holds that institutions change incrementally through adjustments at the margin which modify, though leave intact, the basic underlying structure and principles (Braybrooke and Lindblom 1963). The transformative perspective sees institutional development as punctuated by moments when the fundamentals of institutions change. Under these circumstances what is revealed is not simply continuity but an alteration in the quality of the institution itself. These periodic alterations, while not wholly breaking with the past, are sufficiently novel to be considered as significant. They may amount to sudden, dramatic transformations involving new structures, procedures or a change in the underlying principles of administration. Alternatively, they may amount to an incremental transformation when separate and emerging patterns crystallize and become established as a coherent whole which is distinctly different from that which previously existed (see also March and Olsen 1989, pp. 53–67; Thelen and Steinmo 1992, pp. 13–18). A novel institutional feature, once thus initiated, is thereafter likely to develop along the broad lines laid down at its inception.

Historical institutionalism is not only concerned with identifying the type and degree of transformation taking place, but also with examining those 'critical moments' when an opportunity arises for significant change. Such opportunities may not be realized and exploited but, if they are, the outcome is a 'critical juncture' at which there is a clear departure from previously established patterns. These critical moments and the junctures of significant institutional change which may flow from them may be generated by forces external to the institution, such as the impact of EU-reform on Whitehall, or by internal factors such as a review of procedures or, when the right opportunity arises, intervention by a particular group or individual. Critical junctures create branching points at which institutional development moves on to a new trajectory or pathway which is then followed incrementally until a new critical moment arises, a new critical juncture follows and a new direction is taken. In theory, at each critical moment the opportunities for institutional innovation are at their widest. Conversely, at each such moment, various alternative pathways are not taken – either because they were considered and rejected or actors were not aware of them or did not give credence to them. Given our empirical concern with multi-level governance, it is worth noting that critical junctures leading to



changes at one level of institutions, such as the EU, need not lead directly to changes at other levels. A major change at EU level may create a critical moment at the national level but not necessarily a critical juncture. Thus, Europeanization does not entail an automatic adjustment of institutional response within the member states.

Historical institutionalism is a tool drawn from comparative politics. It is worth pointing this out even though this article is only concerned with the adaptation of British central government. Participation in, and adaptation to, the European integration process has happened for different member states at different times. How the integration process has been regarded, and adapted to, has been influenced significantly by patterns of initial participation or, even earlier, of membership negotiations, since those phases tend to be amongst the most critical moments of them all. What is critical in these phases is how European integration is perceived and constructed amongst national élites, for the administrative response is shaped in this way. Thus, in 1951 within the Federal Republic of Germany, European integration was constructed as a matter of *economic* policy: this at a time when there was no foreign minister and integration was confined to the coal and steel sectors (Bulmer and Paterson 1987, ch. 2). Accordingly, the Federal Ministry of Economics obtained – and has retained – formal responsibility for co-ordination, albeit in a fragmented political system where the Foreign Office, the Federal Chancellor's Office, other federal ministries and sub-national (Länder) governments almost compete to shape European policy. The UK, by contrast, joined in the early 1970s, and it joined an EC dealing with a much wider range of policy issues. The perception was that European integration was both foreign and domestic policy. This understanding of the EU chimed with the co-ordinated nature of Britain's governmental machinery, reinforced the need for Whitehall's norms of information-sharing and collective responsibility, and led to the Cabinet Office acting as the ringleader of European policy making. These illustrations show how the construction of the issue of integration interacts with the prevailing characteristics of national governmental machinery to explain the different starting points for national adaptation (see Rometsch and Wessels 1996; Wright 1996).

We set aside comparisons with other states in what follows but it is important to bear in mind the particular features of the British system of government in order to understand the distinctive form its adaptation to integration has taken. Following Olsen, we aim to demonstrate how a pervasive Europeanization of British central government has been consistent hitherto with the 'Whitehall model' of government (Olsen 1995b, p. 25). In other words, closer integration has not undermined the characteristics – formal, informal and cultural – of Whitehall. Rather, European integration has been absorbed into the 'logic' of the Whitehall machinery. It is for this reason that British central government has experienced a smooth adaptation.

In examining this argument it is important to be aware of two sub-themes: one methodological and one contextual. The former sub-theme concerns the broadly chronological approach followed. Our historical institutionalist approach is concerned with identifying the critical moments in the Europeanization of Whitehall. Hence we place emphasis, in this sense, on the decision to apply for membership, the membership negotiations, accession itself and developments thereafter.

The second sub-theme relates to Whitehall's interaction with the wider political context. In the Westminster arena, by contrast, EC/EU membership has been highly contested. The supranational nature of the EC/EU has challenged national sovereignty, which Britain – or, more precisely, England – has retained intact for centuries. Moreover, the supremacy of EC law over national law has called into question parliamentary sovereignty, with its origins and constitutional symbolism dating back to the English Civil War in the seventeenth century. Furthermore, persistent divisions within, and/or between, the two major parties over European integration have created critical situations for governments with small majorities, since the adversarial politics so characteristic of Westminster have polarized political issues between them. Intra-party divisions – whether those of the Labour governments 1974–79 or of John Major's Conservative government 1992–97 – have combined with inter-party adversarialism to turn European integration into a conflictual issue in domestic politics (Armstrong and Bulmer 1996). (For greater details on UK adaptation to EU membership, see George 1994, 1992; Ashford 1992; Camps 1964; Charlton 1983; Kitzinger 1973; Bender 1991.)

This second sub-theme is important in two ways. First, it highlights the way in which Whitehall has adapted smoothly to European integration, whereas Westminster has not, and has witnessed successive clashes, such as the great debate over membership and ratification of the Maastricht Treaty (see respectively Lord 1992; Baker, Gamble and Ludlam 1994). It is striking that the conduct of European policy has been very private in Whitehall, from the very recommendation to consider joining the EEC: a view emerging in April 1960 from an official-level inter-departmental inquiry (Tratt 1996; Charlton 1983, pp. 228–55). By contrast the debate about European policy at Westminster has been very public. Secondly, the Whitehall and Westminster arenas of politics interact. British European policy, as articulated in the key EU fora, is shaped in different ways by both ministers and officials. The machineries of Whitehall and Westminster must engage in order best to defend British interests in the EU. Consequently, an efficient European policy machinery at official level is insufficient. As one senior civil servant put it (at the end of 1996), 'there's no point having a Rolls Royce machinery if the driver's a lunatic'. Or to give another illustration of the need for the political context to be in tune with the Whitehall machinery: in the latter stages of John Major's 1992 government, with a Cabinet so divided on European policy, the medium-term planning of European policy at

official level became a taboo subject. However efficient, the official side of the machine cannot work to full effect if there is a lack of momentum on the political side.

## **WHITEHALL'S PRE-ACCESSION ADAPTATION TO EUROPEAN UNION**

Bearing in mind the importance of the political context, and following an historical institutionalist approach, we now shift our attention to the adaptation of the machinery of government to membership. The form that Whitehall adaptation took was shaped early around the time the decision was made to first apply for membership in 1961: the first critical moment.

### **Pre-accession adaptation (1950s–May 1971)**

The foundations of the European policy machinery began to emerge with the establishment of the European communities in 1958. The key institutional players emerged, comprising those ministries affected by the policies of the EEC and potentially involved in the European Free Trade Association, an organization which the UK advocated as an alternative, purely economic, grouping of western European states. They were the Treasury and the Board of Trade (BOT), the Foreign Office (FO), Ministry of Agriculture (MAG), the Commonwealth Relations Office (CRO) and the Colonial Office. No department had a lead responsibility on the broad issue of European relations – a task which might have been expected to fall within the ambit of the FO. The Treasury's importance derived from its centrality for co-ordinating economic issues across Whitehall. The BOT was largely responsible for negotiations at the 1955 Messina conference on what emerged as the EEC. It was a key player in negotiations on EFTA, whereas the FO was on the sidelines. Beyond the significance of these ministries, a machinery began to emerge to co-ordinate policy. In typical Whitehall fashion a three-tiered structure of cross-departmental committees was developed. The lower two tiers were made up of committees of officials, one at the Deputy Secretary level and below dealing with matters of detail and one at a higher level dealing with broader matters of strategy and policy. These were co-ordinated by the Treasury and chaired by its officials. On the top tier was the European Economic Association Committee (EQ), a ministerial committee chaired by the Prime Minister (Treasury 1966, p. 75). It considered submissions drawn through from the official levels. It was within the top level official committee, under the chairmanship of Sir Frank Lee, that the alteration in Britain's position in relation to Europe began to take place. This committee, after a review of Britain's relations with Europe, in March 1960 managed to shift the terms of the debate towards seeking EEC membership (Tratt 1996, pp. 42–3, 61, 69 and Appendix III; also Camps 1964, p. 280; Charlton 1983, pp. 228–55).

Once Macmillan's government decided to apply for British membership of the European communities in April 1961, a decision which gave the matter a

foreign policy perspective, the existing machinery was adapted to handle the negotiations during 1961–63. From September 1961, EQ was replaced by a ministerial committee, the 'Common Market Negotiations Committee'. This committee was at the pinnacle of the whole process and reported to Cabinet as and when necessary. The negotiating team was led by Heath (the Lord Privy Seal) and the FO; other members were chosen from the other key departments affected, especially the Treasury, BOT, MAG, Colonial Office and the CRO. They worked with the FO's representation in Brussels which had developed from the four person delegation to the ECSC in Luxembourg, established under the Treaty of Association in 1955, into the UK Delegation (UKDel) to the Communities in 1958. In Whitehall, Lee chaired an official steering committee (CMN(SC)), composed of Permanent Secretaries, which had oversight of activity, but the main body of detailed work was carried out by an official committee (CMN(O)) under the chairmanship of a Third Secretary who headed a co-ordination section in the Treasury (Treasury 1966, pp. 4 and 75). A particular problem was the lack of specialist knowledge in Whitehall on the legal implications of entry. To explore these matters, an expert advisory committee, chaired by the Attorney General, was in operation between January and July 1962. Reporting to it was a committee of officials, chaired by the Treasury Solicitor, which undertook a detailed examination of Community law and its potential impact on government departments (Newman 1997). An official committee (CMN(L)) was also established to begin drafting the necessary legislation.

Already the general outline of today's machinery was in place: in terms of committees (ministerial and two tiers of officials); and departmental positions (FCO co-ordination of negotiations, while co-ordination within Whitehall lay elsewhere, for the time being in the Treasury). After this first application to join was rejected by President de Gaulle, the Labour government of Harold Wilson made a further application – also unsuccessful – in 1967. Besides reactivating the broad structure of machinery used in the previous negotiations and in abeyance since March 1963, the Wilson government made one important innovation by setting up a European Unit in the Cabinet Office under a second Permanent Secretary (Sir) William Nield. This drew together experts from the departments, prepared papers and took over the task of co-ordinating the negotiation issues and discussions across Whitehall (Wilson 1974, p. 495). This partly reflected a change in the general operation of Whitehall in the late 1960s which involved a decline in the cross-departmental co-ordination role of the Treasury in favour of the Cabinet Office (Lee 1990; Burch and Holliday 1996, p. 22).

When negotiations re-opened in October 1969, following de Gaulle's resignation as French President, it was the Foreign and Commonwealth Office (FCO) and the Cabinet Office which shared the main responsibility for European matters. The FCO serviced the negotiations and passed information between Whitehall, the negotiating team, Brussels and the capitals of the Six (Wallace and Wallace 1973, p. 253). In this it was assisted by UKDel

which had grown to a complement of 29 administrative grade staff (Wallace 1973, p. 91). A cabinet minister, the Chancellor of the Duchy of Lancaster, with an office in the FCO, was responsible for negotiations. Geoffrey Rippon took this post from July 1970 and was effectively in political charge of the negotiations. He was assisted at official level by Sir Con O'Neill from the FCO and his deputy, John Robinson, leading a team of officials with personnel mainly drawn from the key departments: FCO, Treasury, MAFF, DTI and Customs and Excise (Stack 1983, p. 126). These key departments had already begun to develop special divisions to help co-ordinate EEC matters within their own organizations, since the impact of European integration was felt by the UK even as a non-member. Many of the most senior officials involved had had experience of the 1961–63 negotiations. The ministerial committee to which Rippon reported was chaired by the Foreign Secretary and progress on the negotiations was regularly reported to Cabinet (Kitzinger 1973, p. 87).

Co-ordination within Whitehall was in the hands of the Cabinet Office European Unit under Nield which managed the two-tiered system of official committees dealing with negotiation questions. It also took charge of preparations for accession, beginning the drafting of what was to become the government's formal statement on entry (Cabinet Office 1971) and the preparation of the legislation that would be required to be presented to the UK Parliament. This latter task began in 1970 under Sir Charles Sopwith, who was appointed as a Deputy Secretary in the European Unit and chaired an official committee of legal experts drawn from across Whitehall.

The machinery used in these negotiations was evolved out of that used before. Other than the shift of responsibilities from the Treasury to the Cabinet Office the structure of the machinery was broadly the same. That shift had nothing to do with European integration but derived from changes within Whitehall. The co-ordination operation was more extensive than in the early 1960s, largely because the European Communities had extended their own areas of competence and activity. The level of understanding in Whitehall about the EC, its structures and operations was also more considerable than before. Entry, however, presented a further critical moment: whether to continue to develop and extend the traditional British approach to organizing European matters or institute fundamental change, perhaps to reflect what other member states were doing.

### **Adaptation for entry (May 1971–1973)**

Once the Heath/Pompidou Summit of May 1971 had cleared the way, the final negotiating sessions took place in Luxembourg on 22 and 23 June 1971. They were followed in July by the publication of Britain's terms of entry in a White Paper (Cabinet Office 1971). On 28 October 1971, the House of Commons decided in principle by a majority of 112 votes in favour of joining the Community and Prime Minister Edward Heath signed the Treaty of Accession on 22 January 1972 (Maitland 1996, p. 179). Britain's membership

of the EC took effect as of 1 January 1973. This 18-month period provided an opportune period to assess the post-accession form of Whitehall's approach to handling EC matters. Here was both a critical moment and, potentially, a critical juncture.

Preparing for full membership involved two main tasks: detailed preparation and passage of legislation through Parliament and establishment of the machinery to handle relations with the EC. The preparation of legislation, already in hand under the auspices of the Cabinet Office European Unit, was given added impetus in early 1971 as British entry became more certain. The Solicitor General, Geoffrey Howe, was moved to the Cabinet Office to oversee the drafting of the Bill under Geoffrey Rippon who, having completed negotiations for entry, had been moved, in September 1971, to the Cabinet Office (from the FCO) to oversee the accession arrangements. The detailed drawing together of the drafting of the bill was in the hands of Howe and senior parliamentary counsel, Sir John Fiennes, who drew on the preparatory work of the legal committee chaired by Sopwith. This committee had envisaged a lengthy bill, but Howe and Fiennes cut this back to only twelve clauses and four schedules (Howe 1994, pp. 67–8). The brevity of the Bill was designed to try to curtail a protracted passage through the Commons in view of parliamentary controversy over the details of the terms of EC membership. The Bill went through 105 parliamentary divisions without amendment despite some very small majorities. This experience helped to further underline the extent to which membership of the Communities would require substantial legal advice and expertise at the very centre of UK policy formulation.

The establishment of the machinery for handling UK–EC relations was determined, at least in outline, by early 1972. Inter-ministerial discussions were held throughout 1971. Deliberate attention was given to where key responsibilities should be located. The critical issues were whether EC matters should be treated as foreign or as domestic policy; whether responsibility should be concentrated in the FCO, be based on a non-departmental minister in the Cabinet Office or be concentrated in a single agency such as a Ministry for Europe; and how much clout should be given to those made responsible for general co-ordination. A thorough assessment of practice in existing member states was undertaken. This examined how they organized their internal government machines to handle EC issues and how they organized their representation to the EC. So far as domestic arrangements were concerned the British were most impressed with the French case and the use of a powerful inter-ministerial co-ordinating structure linked to the Prime Minister, the SGCI. Attention was given to whether, as in France, the co-ordinating machinery should be highly interventionist, but in the end it was decided that the UK approach should be more pragmatic and less autocratic. The review concluded that established British practice was superior to that of other countries including France. The notion of a Ministry for Europe was discussed in 'some quarters', but 'was rapidly dismissed'

(Wallace and Wallace 1973, p. 254). The key departments – notably the Cabinet Office, the FCO and the Treasury – seem to have reached an understanding quite easily and there were no significant departmental turf wars. The machinery finally established was familiar and well tried as it was largely adapted from that which had emerged over the period since the late 1950s. Notably it enshrined the established Whitehall approach of balancing light central co-ordination with a large measure of departmental initiative.

Additionally, agreement was assisted by a strong steer at an early stage by Prime Minister Heath. He made his views known in the summer of 1971. He held that there should not be a Ministry for Europe and that departments should think and act European, and set up machinery to achieve this. The Cabinet Office should be responsible for co-ordinating the overall effort. By early 1972 this approach had been fully accepted and established. In particular it had been agreed that the Foreign Secretary would be the UK government's representative on the Council of Ministers and would chair a ministerial committee on EC matters which would report to Cabinet. The co-ordination and preparation of policy discussions were to be the responsibility of the European Unit in the Cabinet Office which would have direct access to the Prime Minister, though formally it was to relate to the Foreign Secretary as chair of the ministerial committee. The FCO was to be responsible for: communications between Whitehall and Brussels; the operation of the Office of the UK Permanent Representative (UKRep) to the EC in Brussels; taking the lead on certain institutional matters relating to the EC; participation in the newly established (1970), but discrete, foreign policy co-operation machinery linking member states; and keeping a continuing watching brief on Europe generally.

In essence a system of co-ordination had emerged with the Cabinet Office at the centre but with important supportive roles fulfilled by the FCO and UKRep. These formed the central triad of the Whitehall policy-making machine. The CO European Unit continued to manage the two-tier system of official committees which was maintained in substantially the same format but with a change in designation to EQS and EQO committees. The former was responsible for resolving broader strategic and policy questions and the latter, at a more junior level, for dealing with more detailed policy matters. The circulation list for these committees constituted the network of key players on EC business throughout Whitehall. At its inception this was a relatively small group mainly drawn from, in addition to the Cabinet Office, the five departments that were centrally involved in negotiations. The lead on particular policy issues remained with the relevant department, but the Cabinet Office Unit was from the very start pro-active. It provided advice, convened meetings to discuss issues, and was expected to ensure that departments gave full consideration to matters and that government presented a united and coherent position in its dealings with Brussels. The FCO had already organized its own EC divisions into responsibilities for

internal and external matters and the other key departments had established special co-ordinating and advisory sections to oversee EC business.

What this historical review reveals, then, is that the main super-structure of the system that has operated ever since, was in place when Britain became a full member in 1973. It represented a consolidation of the approach that had emerged over the previous fifteen years. A critical moment had passed without a breach or significant alteration in the traditional Whitehall approach. There was no critical juncture entailing a new, Europeanized approach to handling European policy. The principal change at this point concerned the purposes to which the machinery was put. From 1973 it was geared towards a continuing representation of British interests across a wide array of policy areas rather than towards achieving the finite and specific goal of acceptable terms of membership.

### **WHITEHALL'S POST-ACCESSION ADAPTATION TO EUROPEAN UNION**

The period since membership has seen European policy making in Whitehall characterized by a form of schizophrenia. Whilst turbulence in the political arena has kept European policy as an issue of controversy over the subsequent twenty-five years, the machinery at official level in Whitehall has continued to develop in a largely accretive manner, away from public attention. The new challenges posed by EC/EU membership have simply been absorbed into the existing institutions, and into the characteristic methods, procedures and culture of Whitehall. Europeanization and the Whitehall model have proven to be quite compatible thus far. We structure the analysis that follows around the four interconnected categories of institutionalization: formal structures; processes and procedures; codes and guidelines; and the cultural dimension. The picture is one of ever deeper institutionalization of EU business but in keeping with traditional Whitehall approaches.

#### **Overview**

In terms of Europeanization, the expansion of EC/EU responsibilities has been important. Areas that have become of greater significance since 1973 include: environmental policy; research and technology; the structural funds; social and employment regulation; the single market; the strengthening of foreign policy co-operation; the creation of co-operation in the Justice and Home Affairs (JHA) area; and EMU. There are other less obvious impacts, such as that of European environmental legislation upon the Ministry of Defence, one of the largest landowners in the country, resulting in the establishment of a 'cell' to monitor policy. There has not been a 'big-bang' moment which has necessitated a systemic transformation in the way Whitehall handles European policy but there have been two quantum jumps in integration. These jumps have led to an intensification of adaptation in particular areas of Whitehall. The single market programme (1985-92) saw a rapid increase in legislative activity in Brussels and intensified the burden



on relevant Whitehall ministries, chiefly the DTI but also Customs and Excise. Secondly, the ratification of the Maastricht Treaty initiated JHA co-operation, and prompted new co-ordination arrangements for those matters, centred on the Home Office. Procedurally, the institutionalization of regular summit meetings (the European Council) from 1975 had a significant impact because it brought the Prime Minister into EC business much more, and led to the Cabinet Office developing a strong policy advice function. The SEA's increased provision for qualified majority voting in the Council of Ministers had an impact on tactical considerations in the co-ordination of European policy. None of these changes caused dramatic change in Whitehall, although the creation of the European Council did strengthen prime-ministerial involvement.

The move from the treaties to which the UK acceded, via enhancements in the 1986 SEA, the 1992 Maastricht Treaty through to the present situation (and with ratification of the 1997 Amsterdam Treaty outstanding) has thus meant a significant growth in business and this has been coupled with an increase in the complexity of its procedures, and a faster pace of decision making. Growth, increasing complexity and acceleration of activity have been factors that all member states have had to respond to. The British administrative response to changes in the domestic and European contexts has *not* been to alter the framework and principles established in 1973, but rather to adapt them to the new demands placed upon them. In order to illustrate this we provide below a brief sketch of some of the main changes in institutional components which have taken place since 1973.

### **Formal structures, organizations and positions**

At the level of formal organizations and positions the main changes have involved refinement and extension. The staffing and organization of the Cabinet Office European Unit took time to settle down. From its inception in 1967 the unit had been headed by a Second Permanent Secretary. In 1977 the post was re-graded to that of Deputy Secretary but the structure and size of the unit, by then re-titled the European Secretariat, was not changed. The secretariat had bedded down by the late 1970s to a complement of about twenty staff: the three most senior staff in charge of the office and co-ordination across Whitehall; five other senior staff serving as desk officers monitoring specific aspects of European policy and particular departments in Whitehall; and the remainder providing clerical services.

One important early development, which did entail some departure from conventional Whitehall practice, was the drawing of lawyers into the European Secretariat's network and the machinery of co-ordination. The supremacy of EC law over national law created a new constitutional situation in this respect, although this was initially more a matter of legal doctrine than of practical impact. Initially legal advice on policy was provided by one official from the Lord Chancellor's Office. Separately, Whitehall had to make arrangements for presenting the views of Her Majesty's Govern-

ment in cases brought before the European Court of Justice, whose rulings are binding. Originally the government was represented in litigation by lawyers from the FCO. In 1982 both these functions were amalgamated in a group of Cabinet Office Legal Advisers (COLA) formally placed in the Treasury Solicitor's Office. COLA now has a complement of 13 staff. Effectively it has become an adjunct of the CO European Secretariat. In addition, a sub-committee of EQO, EQO(L), was created at an early stage, chaired by the legal adviser, to co-ordinate legal advice on EC matters across Whitehall. The combination of these two functions in one part of government – legal advice on policy and representing the government in ECJ litigation – is a feature distinctive to Britain. However, it follows a cabinet-government logic of centralization. This logic may also explain the decision to make as much use as possible of interventions in ECJ litigation *including that to which the UK is not a party*, in order to put across the British view on the legal issue concerned. The institutional arrangement is peculiarly British and the consequence is that Britain heads the table of states intervening in the ECJ's litigation.

Expansion has taken place in the size, character and scope of the government's representation to the EU, UKRep. This was not an innovation upon accession. Its predecessor, UKDel, was of long standing. It also followed a pattern established with other international organizations, such as the OECD, albeit on a more extensive basis. From the very start it has been essential to British participation in the EU policy-making process. It was established from the outset that UKREP would have a greater involvement in actual negotiations, most notably with the Ambassador and the Deputy Permanent Representative, leading in the Committee of Permanent Representatives, which prepares meetings of the Council. This situation differed from that prevailing during the accession negotiations, which were led by London-based negotiators, with most of UKDel's staff in a support role. The transition from UKDel to UKRep, supervised by Sir Michael Palliser as Ambassador, thus entailed a boost to the number of senior officials.

From its inception UKRep has been a vital source of intelligence from the EU institutions and other national representations for officials based in Whitehall. It has always been, formally speaking, an FCO agency but with a large contingent of desk officers drawn from home departments (Wallace 1973, p. 92). With the gradual involvement in EU matters of more and more domestic departments the home civil service proportion of UKRep has increased so that today a majority of the forty plus desk officers are home civil servants. From the very start, the position of Permanent Representative, always held by a diplomat, was established as one of the FCO's key postings. The practice was also established that, for reasons of balance, the Deputy Permanent Representative should always be drawn from a home department as should be the head of the CO's European Secretariat.

In the policy departments of Whitehall the major change has been the increase in the number of participants in the European policy machinery as

a direct result of the expansion of EC/EU responsibilities. From the five departments originally involved on a regular basis, nowadays all departments are drawn in, though some more frequently than others. All departments now have European co-ordination units, though these vary in terms of size and effectiveness. In many cases these European divisions are simply responsible for the distribution of papers, policy co-ordination and oversight of departmental liaison with Parliament. Line divisions are generally responsible for the substance of policy.

The so-called territorial ministries represented a special case within Whitehall arrangements. Although affected by some policies from the outset, such as the CAP, they held the lead on no single EC policy: a situation which continues. Nevertheless, the expansion of EC/EU business began to have an increasing effect; the impacts of the Common Fisheries Policy upon the Scottish Office (SO), and of the structural funds on all three ministries were of greatest significance. In 1991, under Secretary of State Ian Lang, a management review was undertaken of the impact of the EU upon the Scottish Office, and of how best to organize internally for European policy (Scottish Office 1991a, 1991b). The result was an effort to: make greater use of direct contacts with institutions in Brussels; participate more fully in the Cabinet Office's EQ network, including UKRep; and enhance in-house personnel and training policy on European matters. Finally, a European Central Support Unit was set up in the SO's Industry Department to co-ordinate European policy matters across all SO departments. The Welsh Office and Northern Ireland Office have both had to make an internal response to the EU but they appear to have been less purposeful in nature. The Scottish Office's review seems to have arisen from no single EC development but, rather, from the choice of the incoming secretary of state to make this an area of initiative (Lang 1991).

### Processes and procedures

In terms of the policy co-ordination process, the expansion in size and intensity of the network to include all ministries has created co-ordination problems for the secretariat. In particular the EQ network is now cumbersome and calling together meetings can be costly in terms of time and the paperwork involved. For instance, the EQ(S) official committee circulation list had expanded by 1996 to 129 address points. The tendency in recent years has been to hold less formalized, *ad hoc* meetings; especially at higher (Deputy Secretary) levels, drawing together only the key departments involved with a specific issue. This is in keeping with a general trend within the cabinet system of moving to less formal and more flexible means of decision (Burch and Holliday 1996, pp. 45–6). In addition to the main EQ network centred on the CO European Secretariat, subsidiary networks have developed around specific, cross-departmental, policy areas and tasks. These networks are co-ordinated by a particular lead department: for example, the Home Office co-ordinates Justice and Home Affairs; the DTI most of trade policy; MAFF

much of agricultural policy; the Treasury co-ordinates policy on EMU; and the FCO co-ordinates on the Common Foreign and Security Policy. These specialized networks usually do not involve the CO secretariat though it and the FCO are kept informed of decisions. This trend towards devolving oversight responsibility to the relevant department is now well established (Burnham and Maor 1994, p. 10). The effect has been not only to increase the size of the network, but also its complexity, with a number of subsidiary hubs in addition to the central one focused on the Cabinet Office. This pattern is consistent with Whitehall arrangements more generally.

In addition to the process centred on the ministerial cabinet committee on Europe (currently designated EDOP) and the EQ system of official committees, it soon became evident that there needed to be closer co-ordination of final positions and tactics prior to negotiations in Brussels. Initially, it was done on an *ad hoc* basis, involving discussions with the UK Permanent Representative in Brussels, who returned to London for a weekly policy co-ordination meeting on Wednesdays. By the late 1970s the meeting had become more formalized and has usually taken place on a Friday morning in the Cabinet Office. This meeting, between the Head of the European Secretariat and the Permanent Representative, is attended by teams from the Cabinet Office, FCO, Treasury and from departments with an interest in the subjects to be discussed. Its purpose is to consider the major issues coming up for discussion in European institutions during the week ahead and either settle instructions on the tactics to be adopted in negotiations or seek further work on issues which are judged to be inadequately prepared. It has proved an important mechanism for ensuring that the British line is coherent and feasible and that departments have 'got their acts together'. The objective of securing an early, agreed, cross-departmental European policy position on major issues is a feature which sets the British governmental machinery apart from most of its partners in the EU (see Rometsch and Wessels 1996; Wallace 1996; Wright 1996).

Procedures have also been developed to ensure proper parliamentary scrutiny of European legislation. Following the passage of the European Communities Act in 1972 each House of Parliament considered what kind of procedures they should adopt in order to scrutinize Community instruments (House of Commons 1973). The outcome was the establishment of the Select Committee for European Legislation in the Commons and, in the Lords, the Select Committee on the European Communities. Both committees were given the task of sifting through European Community documents submitted through the UK government and reporting upon them. The committees have worked in a complementary fashion, with the Lords committee and its sub-committees undertaking more in-depth inquiries than the Commons committee. The process established in 1973 has been updated from time to time, but 'has not involved a rebuild' (House of Commons 1996, p. viii). Most importantly the practice has been established, formally in 1980, that no minister should give agreement in the Community's Council of Min-

isters to any proposal for legislation which has not been subject to the scrutiny procedures of the House of Commons. If the minister, for special reasons, fails to fulfil this requirement, a prompt explanation is required (House of Commons 1996, pp. iii–iv). It has also been agreed that Community documents should be deposited with the committees within 48 hours of receipt by the FCO and that within 10 days thereafter the lead department will submit an Explanatory Memorandum (EM) which, signed by a minister, constitutes the government's evidence to Parliament on the document (House of Commons 1996, p. xiv). General oversight of, and definitive guidance on, the process of parliamentary scrutiny are fulfilled by the CO European Secretariat, with ministerial EU co-ordinating units overseeing submissions of EMs to the committees. The effectiveness of parliamentary accountability procedures is a matter of some debate and those on foreign policy and JHA co-operation are especially weak. Indeed Parliament is seeking to strengthen its powers in these areas. Of course, these procedures do not comprise the full extent of Whitehall–Westminster interaction, since debates and questions in the House of Commons provide other means of bringing the government to account (Drewry 1996).

Prompted by the increasing size of the EC budget, and the UK's emergence as a major net contributor to it, the Treasury has developed financial control mechanisms over the period since membership, and they have come to have an impact across several ministries. The logic behind the Treasury's control mechanisms over the EC budget has corresponded to the domestic changes which it introduced from 1976, when it shifted from an expenditure-planning to an expenditure-control system. This shift affected all areas of policy and not just those concerning Europe (see Thain and Wright 1995). However, one procedure, EUROPES, has in the view of many experienced practitioners had a marked effect on the development of UK initiatives in some policy areas where there are EC spending programmes, notably on research and development and on certain aspects of education, energy and the environment. EUROPES operates by requiring compensatory cuts in domestic spending for extra EU spending. In brief the procedure involves the Treasury identifying the UK cost of financing the relevant programmes. A significant proportion of these costs is then attributed to the departments responsible for the relevant policy by reducing their budget baselines at the outset of the annual domestic expenditure bargaining round by the estimated UK cost. For the Treasury, UK receipts from EC spending programmes are regarded as reimbursement for contributions made to the general EC budget. The effect has been to constrain UK policy initiatives in the relevant areas of EC spending. Also departments prefer to disburse expenditure over which they have full control of policy goals and instruments to EU expenditure, where they have to fit objectives determined in consort with partners in Brussels. For both these reasons EUROPES has encouraged affected departments to take a robust line in negotiations in Brussels: either by resisting the creation of new EC budget lines or by insisting on value-for-

money safeguards. In addition, EUROPEs helps forge a Whitehall alliance between the Treasury and ministries whose remits include EU spending programmes, since they are brought together in seeking to constrain British contributions to the EU budget. This EUROPEs system has been fully integrated into the annual process of determining public expenditure since 1988, so it is now part of the domestic budgetary procedure. Thus, negotiations on key aspects of the EU budget have been drawn into the constraining logic of domestic public expenditure procedures, led by the Treasury.

Separate arrangements, though consistent with the Treasury's underlying goals and the 'logic' of EUROPEs, have applied to other policies, such as development aid. Perhaps the best-known case relates to the structural funds. The European Regional Development Fund (ERDF) was designed to provide additional funding above existing national aid to economically disadvantaged regions. The UK's Treasury control mechanisms, however, led to ERDF receipts simply substituting for planned domestic expenditure. This situation led to a dispute between the British government and the Commission's regional policy directorate-general about the lack of additionality, which came to a head in 1991-92. It led to the Commission suspending payments under the RECHAR programme (for regenerating former mining areas) until the government brought in changes to ensure additionality (Bache 1995). The resultant Kerr-Millan accord – named after the then UK Permanent Representative, Sir John Kerr, and the Commissioner for Regional Policy, Bruce Millan, has not – in Bache's view – led to significant change in the end-effect. As he concludes, 'ultimately, no ground was conceded by the Treasury over the control of public expenditure' (Bache 1995, p. 17). Treasury accounting mechanisms changed; their effect did not.

These Treasury rules have important consequences upon British European policy where an EC budget line is involved. However, there is nothing that is specific to the EU in the underlying philosophy of the Treasury. A Treasury official reported that there is no counterpart to EUROPEs in any other member state: even the financially prudent German Ministry of Finance is reputedly envious!

A rather different matter which has required the establishment of processes relates to Whitehall's need to find personnel to fill the UK's quota of officials in EC institutions, especially the Commission. This proved to be problematic. By the late 1980s it was recognized that the British were under-represented in all the Community institutions and that, far from improving, the situation was getting worse (Cabinet Office 1996, p. 6). A European Staffing Unit was established in the Office of Public Service and a European Fast Stream was launched in 1990 to recruit and train young graduates for taking up posts in Brussels. Liaison with the informal network of British permanent officials in the Commission – in some cases former Whitehall officials – is part of ensuring 'Brits' are well-placed in key positions. This is an important development as it may assist indirect British influence in

Europe as well as contributing to the development of European know-how in Whitehall.

### **Codes and guidelines for handling European policy**

Guidelines for ministries concerning relations with the EU and how to handle various aspects of policy and machinery are supplied by the CO European Secretariat in a series of Guidance Notes which are circulated to all members of the EQO network and beyond. These are described by one practitioner as 'the Bible of European business'; they are seen as 'comprehensive and authoritative' (Humphreys 1996, p. 31). Some simply provide information about the organization and working of the EC, others provide definitive interpretation on aspects of EU procedure, yet others concern the proper way of handling UK European business both in Whitehall and Brussels. The system of guidance notes is now extensive. It has been added to and revised progressively over the years so that there are now more than seventy sets of notes fully indexed and cross referenced. These are often supplemented by written or oral guidance by the secretariat as new issues arise. Some departmental co-ordination units issue their own guidance notes to other sections of that department. Of course, in keeping with British tradition, these 'guidelines' are not codified or couched in the language of directives, but some are definitive. For instance, drafts of the following documents arising in departments must be cleared with the European Secretariat: correspondence with European Commissioners with significant implications for other departments; major policy documents with a European dimension; and any material with significant implications for horizontal issues such as subsidiarity, Community competence and implementation and enforcement.

### **Culture and norms**

On the level of Whitehall culture and norms, some characteristics of European policy making are clear (see Humphreys 1996). The first is to have a collective position wherever possible, and preferably as soon as substantive policy discussion commences. The number of Whitehall officials who mentioned in interview the poor policy co-ordination amongst German delegations to EU negotiations revealed – often with incredulity – the British normative benchmark. It is arguably this Whitehall culture that gave rise to the institutionalization of Friday co-ordination meetings in the Cabinet Office. A second normative feature is the perceived duty to inform others: to share information within Whitehall. Line departments tend as a matter of course to copy key papers to 'their' ministry's European co-ordination unit; its legal department; and 'their' attaché in UKRep. Beyond the ministry, the CO's European Secretariat, the Treasury, the FCO and, where relevant, the 'territorials' will be copied documents as necessary. Ministries also inform other ministries if they feel a matter may concern them. This sharing of information is part of Whitehall's wider culture, its norms of collective responsi-

bility, and the wish to have the British position agreed early. It is reflected in some of the guidance notes which encourage information-sharing.

A third norm which has become well embedded is an emphasis on effective transposition of legislation. Ministerial co-ordinating divisions are normally responsible for ensuring the implementation of EC law, especially where EC directives require transposition into domestic law. The CO European Secretariat sees this as one of the key oversight tasks of its 'mission'. All Commission infraction investigations into the adequacy of UK transposition require the ministry addressed to liaise through the CO, either through EQO or EQO (L) meetings, chaired by one of the Cabinet Office Legal Advisers. The UK's record on transposition is above average (see Armstrong and Bulmer 1996, pp. 277-84). This performance is despite some of the hazards of transposition, such as the need with some legislation to transpose it in four jurisdictions (England and Wales, Scotland, Northern Ireland and Gibraltar). Again, culture and guidelines are closely linked.

One final aspect with a cultural dimension has been the means of socializing officials into the processes and practices of European Union policy making. This has centred on the progressive development of European 'cadres' within the key ministries. An official estimate during the final round of negotiations in 1971 was that around 500 additional staff would be required in Whitehall prior to entry and a further 1,000 'spread over several years thereafter' (Wallace and Wallace 1973, p. 256). Individual ministries have thus found it in their interest, in order to enhance their knowledge of the EU, to send officials to postings at UKRep or as short-term 'Detached National Experts' to the Commission. The EU has thus become part of an established Whitehall career path, although that is in tension with officials' concern to be 'at home' at a time of departmental upheaval such as with recent efforts at management 'de-layering' in Whitehall. Some departments have developed internal procedures to encourage a European career route and in most departments there are programmes to facilitate training on EU matters. This has either been provided across the board through the Civil Service College and other agencies or has been provided in-house specifically tailored to the requirements of each ministry.

Our research did not systematically measure the extent to which British civil servants have adapted successfully to the EU policy process: to the need for active cross-national networking both bilaterally and on the fringes of EU meetings; to the practices and codes of the EU's own institutions; to the EU's sometimes abstract constitutional debates; and so on. However, it is clear that inter-personal skills, language abilities and the like affect the extent to which individual officials have been 'Europeanized' in their orientation. At the political level the same applies to some degree to ministers, although compounded by the individual's attitude towards European integration. Thus, the pro-European Conservative ministers Kenneth Clarke and John Gummer enjoyed strong reputations amongst their fellow EU finance and environment ministers respectively. Nevertheless, a 'Euro-sceptic'



minister such as Nicholas Ridley, when Secretary of State for Transport, proved effective at exploiting the Community to secure the British objective of air transport liberalization. Evaluating the socialization of British officials, and their ability to exploit the opportunities in Brussels, is very difficult to assess scientifically, not least because they have to work within a policy set by ministers with varying attitudes on integration. Certainly there is now a greater willingness on the part of high-flying officials to take postings in the Commission than there was in 1973, when there were difficulties in finding sufficient officials to take up the British quota of senior posts in the Commission's directorates-general.

### EMERGING CHALLENGES TO THE BRITISH STATE?

If the Whitehall machinery and its officials have taken EU membership in their stride, problems have been more enduring in the adaptation of the party system and of Westminster. It remains to be seen whether the Blair government is able to use its large parliamentary majority not only to achieve a more positive European diplomacy but also to reconstruct a new pro-European party consensus. Not all observers have regarded party politics as the source of Britain's problematic diplomacy with the EU. Might the structure of the British state in fact be the problem (see also Wilks 1996)? Might the centralized British state, the construction of internal (parliamentary) sovereignty, the lack of constitutionally defined rights and other such features lie behind some politicians' unease at supra-national integration?

In responding to this question we enter more speculative mode. Not only is it difficult to isolate the impact of the EU upon constitutional and institutional change within the UK but such change is also currently at an early stage. The Blair government, with support from the Liberal Democrats, has opened up a constitutional agenda that may remove some of the characteristics of the British state that lack congruence with continental practice.

A first challenge, namely that arising from the legal doctrine of the supremacy of EC law over acts of Parliament, has become increasingly evident. This was brought home in the *Factortame* judgment, when national law was disapplied as contrary to EC law and discriminatory against Spanish fishermen (*R v. Secretary of State for Transport ex p. Factortame* [1990] ECR I-2433). This decision struck at the heart of the doctrine of parliamentary sovereignty. Secondly, European integration has been an important factor behind challenges to the unitary British state. In their different ways, Scotland, Northern Ireland, Wales and the English regions have all thought afresh about the territorial distribution of power within the UK in light of new policy options in Brussels, inter-regional alliances and so on. With the September 1997 votes for Scottish devolution and a Welsh assembly, an era of more pronounced multi-level governance is opening up within the UK. Both pre-referendum White Papers devoted attention to how European policy would be handled under the proposed arrangements (Scottish Office

1997, pp. 16–18; Welsh Office 1997, pp. 21–23). The Conservative government's interpretation of subsidiarity – that power was devolved no further than London – had been out of step with European trends (Scott, Peterson and Millar 1994). However, the Conservative government's creation in 1994 of integrated regional offices in England was partly a response to the European Commission's encouragement of regional development plans (Wilks 1996, p. 164). The Labour government's plans for English regional development agencies have their origins in Labour local authorities seeking alliances with Brussels during the prolonged period of what they perceived as unsympathetic Conservative governments in London. The English regions may press for further decentralization if institutional innovation in Scotland, Wales and a new tier of government for London place them at a disadvantage as regions within the European economy. The institutional response in Northern Ireland is bound up with the fate of the peace process. The EU is not without some background significance as a factor affecting accommodation within the island of Ireland (Teague 1996).

Thirdly, European integration is beginning to strengthen individual and human rights via their indirect incorporation in the UK by means of the EU treaties. Employment and equal-opportunity rights are particularly deserving of mention in this respect. As one illustration, the Equal Opportunities Commission and its counterpart in Northern Ireland have funded about one-third of the cases brought before the ECJ on equal pay and equal treatment at work, some of them resulting in highly significant judgments (Barnard 1995, p. 254). Moreover, the Labour government agreed to some limited strengthening of human rights provisions in the Amsterdam Treaty; something which successive Conservative governments had opposed. Separately, the government is working towards the incorporation of the Council of Europe's Convention of Human Rights. Fourthly, the independence granted to the Bank of England by the Labour government within days of its election also has a constitutional quality. It has created a deconcentration of power in central government. Although this step was not directly related to the EU, it has brought the UK more closely into line with continental practice. There, the demands of the Maastricht Treaty have made central bank independence a pre-requisite for moving to a European Central Bank as part of joining the single currency. The significance of Chancellor Gordon Brown's step may come to assume much greater significance with the Labour government's decision to work towards participation in EMU, albeit not in the first wave. Finally, the decision to introduce proportional representation into mainland Britain for the 1999 elections to the European Parliament represents a small departure from the practices of majoritarian democracy. Again the impulses were largely domestic – as a step towards a referendum on introducing proportional representation to Westminster – but it should be recalled that Article 138 of the EC Treaty calls for a uniform electoral procedure across Europe.

Membership of the EU has thus begun to exert pressure for change in the

very structure of the British system itself, even if these pressures have other origins as well. Thus the paradox is that, while EU membership has brought about changes in the operation of central government that are in keeping with established approaches, pressures from the EU are helping to undermine the very constitutional and political framework within which these patterns are embedded. Arguably it is here that the real challenge of the EU lies: not directly to the machinery itself, but indirectly to the wider constitutional framework within which it operates. There is also a striking parallel between current UK reforms and those undertaken in France in the 1980s following the election of President Mitterrand and Socialist governments. These changes, it is worth noting, also followed a lengthy period of centralized rule by the centre-right, the Gaullists. The changes were identified as part of a 'Europeanization' process (see Ladrech 1994).

Many of the British changes have either not yet been introduced or the implications have not yet taken effect. Hence our conclusions must return to the concrete adaptation of the machinery of Whitehall outlined earlier.

## CONCLUSION

At the levels of policy and political management the impact of the EC-EU on the activities of British government has been profound. Membership has brought new issues onto the agenda, altered the terms of debate concerning established issues, given whole areas of policy a European dimension, required the development of new expertise on the part of officials and ministers, involved extensive and intensive negotiations with EU partners and raised significant problems about policy presentation and party management. Yet at the level of machinery, governmental structure and procedure, the impact of Europe has been far less evident. The ways of handling and formulating policy on Europe do not reflect European models and practices, rather they have evolved from, and are in keeping with the established British tradition of central state administration. The significant challenges of European membership have been characterized predominantly by a process of slow and steady adaptation.

Earlier in the article we indicated that Europeanization via institutional change would have been significant and comprehensive if it had taken place on four institutional levels: formal institutional structure; procedures and processes; codes and guidelines; and cultural/normative. Our findings indicate that on all four levels the responses to EU membership have been embedded in domestic patterns of government. They have not resulted in any significant departures from the Whitehall model, save in two respects. First, the character of EC law is distinctive and has necessitated qualitatively distinct institutional and procedural responses. Secondly, EU negotiations, which are characterized by continuing, cross-sectoral bargaining and coalition-building – often with the possibility of a qualified majority decision in the Council of Ministers – create a unique international policy-making context for Whitehall.

That said, the underlying principles of British central administrative practice remain intact. What is revealed is the resilience of the British approach. And this is even more striking when account is taken of the deeply controversial nature of the issue of European integration in British politics and of the extent to which the European Union has become an important force in the lives of many citizens. Europeanization has not as yet led to a fundamental challenge to the Whitehall model.

An historical institutionalist approach helps highlight this process of adaptation and offers some explanations for it. Tracing back developments to the early days when the issue of membership first emerged as a viable option reveals a first critical moment and, indeed, a critical juncture. The institutional foundations for handling European policy can be traced back from the membership negotiations under the Heath government to parameters set in 1960/61 under Macmillan. Owing to the impact of EEC policy, for instance on the CAP, some ministries had already set up European policy divisions by the time of membership negotiations in 1969–71: the second critical moment. A third such moment occurred with the successful completion of negotiations. At this point the procedures of other member states were reviewed and rejected, with Heath encouraging affected ministries to 'think European'. Thus the most obvious point of challenge to the system – accession in 1973 – was in effect no challenge at all as by then the institutional pathway was well defined. The likelihood of veering off it at this point was very small, for the established approach to negotiations had proved workable, was adaptable to the requirements of membership, and did not challenge the fundamentals of traditional administrative practice. Only parliamentary scrutiny arrangements had to be resolved.

Subsequently, Whitehall-wide innovations have been very limited: COLA and EUROPEs being the most striking. Even wide-ranging EC/EU reforms, like the SEA or the Maastricht Treaty, have not led to similarly large-scale reforms in Whitehall. Rather, subsequent change has been integrated within the established approach as illustrated in the case of the Home Office being given overall responsibility for JHA and the task of co-ordinating activity in this area. The Scottish Office's review of the handling of European policy in 1991 is another such case, although not prompted by a specific European development like the Maastricht Treaty. While it has been possible to identify critical *moments*, it has proven difficult to identify any critical *junctures*, i.e. specific points at which there has been a clear departure from previously established patterns. These findings thus support Olsen's view that administrative diversity has co-existed with deeper European integration (1995b). Indeed, if the British case is typical, diversity may even have been strengthened.

Membership has, however, challenged the Whitehall set-up in two ways. First, the European policy field, on a consistent basis, tends to involve matters which are inherently cross-departmental. Second, there needs to be some preparation of negotiating positions before personnel go out to

Brussels to argue a case. Both challenges implied a need for some form of central co-ordination, a requirement that has been accommodated within traditional British ways of working. What was also needed was a central mechanism enabling oversight of all areas of EU policy and facilitating a progress-chase when things were going wrong. Hence the creation of a pro-active secretariat at the centre, providing direct access to the Prime Minister. Arguably, this has turned out to be a break with tradition, though it was certainly not seen to be so at the time. Such pro-active units at the centre existed before and have existed since 1973, but none have survived on what has become a permanent basis (Burch and Holliday 1996, p. 36). Moreover the secretariat, in close liaison with the FCO and UKRep, has formed the hub of a policy network in Whitehall which has become more extensive, more stable and more institutionalized over the years since 1973. It now constitutes a significant policy world which stretches into all departments but is distinct from them. It has developed its own procedures and ways of working. It has a degree of separateness which can be captured in the description used by one practitioner: 'the private government of European policy'. Thus, while it is impossible to locate a radical transformation of the machinery and practices of Whitehall it is possible to argue that there has been an incremental one.

There is nothing here that is surprising to an historical institutionalist, except perhaps the sheer resilience of British traditions. Membership of the EC/EU has not hitherto directly challenged the fundamentals of the British machinery of government. The national governments remain powerful players in European policy-making: in the European Council, the Council of Ministers and its working groups. However, the Blair government's constitutional reform agenda has given a wider context to our examination of Whitehall's adjustment to the EU. The proposed 'modernization' of the state and of democracy is by no means simply an adaptation to the EU, for the impulses are various, but it entails significant movement towards continental practice. Britain's 'organizing for Europe' may be on the brink of a new critical juncture, some twenty-five years after accession.

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# **POLITICAL MANIPULATION OR FEEDBACK IN ENGLISH LOCAL AUTHORITIES' STANDARD SPENDING ASSESSMENTS? THE CASE OF THE ABOLITION OF THE INNER LONDON EDUCATION AUTHORITY<sup>1</sup>**

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JOHN GIBSON

The focus of attention in this article is on the major shift in Education Standard Spending Assessments, and with it central grants, in favour of Inner London which first took place in 1990, and has persisted since then. This coincided both with the abolition of the Inner London Education Authority and the transfer of education responsibilities to the Inner London Boroughs, and the introduction of the poll tax. The objective of this article is to test whether this shift in favour of Inner London was due to political manipulation or, instead, was another example of the long-established technical characteristic of 'feedback' in spending needs assessments in the English local finance system. A test is devised which distinguishes between these two explanations and involves the use of an Inner London dummy variable. The results provide strong evidence of political manipulation. The implications of this finding are considered.

## **INTRODUCTION**

Central estimates of local authorities' spending needs – under their various titles: the Standard Spending Assessments (SSAs) since 1990, Grant Related Expenditures (GREs) between 1981 and 1990, and Assessed Spending Needs (ASNs) between 1974 and 1981 – have long played a major role in the English local finance system. These estimates have been used as measures which determine the bulk of the allocation of revenue grants between local authorities, with allocations designed to compensate fully for differences between authorities in their estimated spending needs. But with the introduction of spending guidelines (ceilings, in effect) in 1990, soon extended to all authorities, and their intensification thereafter, their role and importance has increased. In this period because the tightness of permitted spending increases has varied according to the ratio of expenditure to SSA, and local authorities have been forced to converge their expenditure

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towards their SSAs (Smith 1993), SSAs have become crucial in determining both expenditure increases and levels.

Within this tight framework, there has been increasing discontent and public accusations from a number of local authorities and their representatives that the SSAs, far from being merely the outcome of a technical and objective process, have been subject to political manipulation. Some of these accusations, most notably that the SSA for 'Other Services' had been blatantly manipulated in a way which particularly favoured a number of more prosperous Conservative-controlled London Boroughs, by an increase in the weighting on an indicator of visitor nights, were taken up by the Labour Party, when in opposition. Its policy statement on local government *Renewing Democracy, Rebuilding Communities* put it as follows: '... In recent times the share-out (of grant) has been decided behind closed doors and rigged to help a limited number of Tory councils like Westminster, Wandsworth and Brent at the expense of everyone else' (Labour Party 1995, p. 18). Now in government, Labour has taken swift action to remove this perceived manipulation. Its first Revenue Support Grant Settlement announced in December 1997 eliminated this feature of the SSA methodology – action taken despite the fact that a major review of local finance (Department of the Environment, Transport and the Regions 1997), including SSAs, was in process and still incomplete.

In contrast, a considerably larger redistribution of needs assessments which occurred in 1990, and presently (to emphasize that this is not merely a historical analysis) affects the distribution of revenue grants and spending guidelines to a much greater extent than the 'visitor-nights' effect ever did, has not even been mentioned by ministers. The redistribution in question is that in the Education SSAs in favour of Inner London which took place in 1990. Table 1 compares the size of the visitor-nights and education redistributions at the aggregate Inner London level. The education

TABLE 1 *A comparison of the size of two shifts in SSAs favouring Inner London in the 1990s*

Service block	Nature of change	SSA* before change	SSA after change	'Shift' in resources
		£m.	£m.	£m.
Other services	Change in weighting for visitor nights	720.294	738.936	18.642
Education	Abolition of ILEA – transfer of service to boroughs	681.362	863.826	182.464

\*Notes –

- (1) In the case of education, GRE was the name for needs assessment before the change;
- (2) to enable standardized comparison, the 'before-change' aggregates have been multiplied pro-rata to the nominal increase in the relevant service level SSA between the two years involved in each change.

Sources: Department of the Environment (annual – 1989, 1990, and 1991).

redistribution occurred simultaneously with the introduction of the poll tax and the scrapping of the Inner London Education Authority (ILEA). Thus, the transfer of education responsibilities to the boroughs was accompanied by a massive shift of Education SSAs towards Inner London. Under the blizzard of major changes in 1990 and the fact that general discontent with the poll tax (Bailey 1991; Butler, Adonis, and Travers 1994) drove every other technical issue in local finance down the publicity agenda, this shift of resources evoked little public attention at the time.

The objective of this article is to investigate whether the coincidence of this large shift in Education SSAs in 1990 with the abolition of ILEA was entirely innocent or whether, and to what extent, political manipulation lay behind the major shift of resources towards Inner London. The suspicion of a politically inspired manipulation arises because there was undoubtedly a strong desire amongst senior members of the government and the Conservative Party to make their own project – the scrapping of ILEA – appear as successful as possible. An ‘innocent’ verdict could, however, be returned if the shift in SSAs is found to be due to a well-known feature of English needs assessments, namely, ‘feedback’. Feedback refers to the tendency of needs assessments to favour authorities with high spending, and has been an endemic feature of the assessments since 1974 because of the use of regression (see below), and such regressions retained an important role in the SSAs. An indirect test will assess the relative contribution of feedback and political manipulation. The result of the test is of interest, not only for its own sake, but also because, if the evidence points to political manipulation, there are serious policy implications, given that the shift in resources is so much larger than the ‘visitor-nights’ example, which itself spurred such rapid action from the Labour government. The policy implications involve not just those relating to the urgent need to remove the effects of the political manipulation in the present SSAs, but the longer-term desirability of devising institutions to avoid recurrence of the practice in future.

Before describing the background to the abolition of ILEA and its potential effects on Inner London, in the context of the, then, imminent introduction of the poll tax, and the variables involved in conducting the test, a short history of the main controversies and debates and academic contributions relating to needs assessments for English local authorities will be presented in the next section.

## FEEDBACK, BIAS AND POLITICAL MANIPULATION IN SPENDING ASSESSMENTS

Controversy over needs assessments is not new, and has been a live issue since the introduction of regression-based estimation methods alongside the re-organization of English local government in 1974. The following years – under a Labour government – saw a marked shift of assessment shares and grants towards London and the metropolitan areas where Labour was strongest, at the expense of the Conservative-dominated shire

areas. This gave rise to charges of political manipulation in Conservative local government circles in the late 1970s, taken up by senior members of the party. At the same time, a number of British academic critics examined structural factors in the new regression-based methodology, which they maintained, led to biases which systematically favoured certain groups of local authorities (Rhodes and Bailey 1979; Jackman and Sellars 1977). During this period only one regression equation, designed to provide an overall needs estimate, was employed. Its dependent variable was the observed past expenditures of individual local authorities, and it attempted to explain the observed variation solely in terms of socio-economic and geographical variables. From the outset the regression quite deliberately excluded two important determinants of local expenditure, namely political control and levels of grant received. Such a technique was erroneous, as the exclusion of these variables constituted a clear case of 'omitted variables bias', treated as a basic error in all econometrics texts (see for example, Gujarati 1995, ch. 13; Maddala 1992, ch. 4). In such cases, included variables which are correlated with the excluded variables 'pick up' the (unmeasured) effects due to the excluded variables. Foster, Jackman, and Perlman (1980, part II, ch. 5) found that the two excluded variables, political control and level of grant, had substantial spending effects and this led them to conclude that owing to omitted variables bias the regression based analysis: '... is bound to produce estimates of spending need systematically biased in favour of authorities with a preference for higher standards of service ... those under Labour control, or where local tax bills are low ...' (Foster, Jackman, and Perlman 1980, pp. 257-8). In the late 1970s, it was a proxy variable - single-parent families - rather than any client-group measure which was most strongly associated with the highest-spending Labour authorities and picked up the effect due to these omitted variables (Society of County Treasurers 1980, table 2). Furthermore, the relative weights on the proxy indicators, once introduced, increased year-by-year. This was because of the tendency, once grant was channelled towards authorities with above-average incidence of the favoured proxy indicators, for these authorities to increase their relative expenditures compared to authorities not so favoured, thereby increasing the strength of the relationship between high spending and the favoured proxy indicators. This was the notorious 'feedback' effect, which the incoming Thatcher government saw as an inequitable and pernicious feature of the grant system, and the new Secretary of State, Michael Heseltine, lost no time in putting this belief in front of local government:

In essence, the present rate support grant arrangements are based on the assumption that need is demonstrated by authorities' expenditure. ... Needs element is distributed on the basis of an analysis of past expenditure patterns. The consequence of this is that if authorities with high levels of expenditure all decided to maintain or increase their levels they

could create a feedback that enhanced their measured needs (Secretary of State for the Environment 1979).

Heseltine promised reform through the introduction of a system of needs assessment which would put far more emphasis on 'common-sense' factors, such as main client groups. In line with this attempt at a client-based approach, instead of one overall formula, a separate formula was estimated for each service, or rather sub-service – 57 in all in 1980/81 (Department of the Environment annual 1981).

The new methodology for GREs, although appearing to put much greater reliance on direct client groups to determine average unit costs, with official presentations emphasizing that large percentages of GREs were allocated according to main client groups (Department of the Environment 1980), still used regression analysis to determine coefficients (weights) applied to additional cost, need, or deprivation indices. The use of these indicators often acted as powerful redistributive mechanisms within the GRE allocation formulae – far more powerful than could be guessed from a mere statement of 'percentage allocated' according to the Department of the Environment methodology guide (Department of the Environment 1980).

This point is elucidated in Society of County Treasurers 1980, p. 6, which explains that the redistributive effect of an indicator is quite different from the amount of 'need' which it accounts for, and depends on the degree of variation in its incidence between authorities. Thus, for example, to compare density and primary school pupils in 1978–79, density – unevenly distributed – provided 5.0 per cent of assessed need, but was responsible for 17.1 per cent of grant redistribution, whereas primary school pupils – evenly distributed – provided 17.3 per cent of assessed need, but caused only 6.9 per cent of grant redistribution.

However, in the 1980s the distribution methodology aspect of needs assessments tended not to be at the top of a crowded agenda of local discontent. Successively, other issues, such as the targets and grant penalties of the first half of the 1980s, rate-capping, and the abolition of the Greater London Council (GLC) and the 'mets' thereafter, and, finally, the long controversy over the plans for, and the legislative passage of, the poll-tax-centred reforms of the late 1980s, tended to raise the political temperature far more, and gain local government and public attention. There were, of course, continuing disputes within the working groups of the Consultative Council on Local Government Finance (CCLGF) and between representatives of the various local authority associations, and the occasional delegation from an aggrieved local authority would be granted a meeting with ministers, but, rarely was any particular grievance prominent or widely taken up.

This feature, of needs assessments having less prominence than other issues in local government finance, was also largely true in the 1990s. The first year of the poll tax and the debate and preparations for its replacement,

the council tax, and the issue of the growing tightness and severity of the capping guidelines were the most important issues of contention and controversy in local government finance under John Major's Conservative government. But two needs assessment issues were, nevertheless, important. The first was the idea taken up in senior Labour local government circles and within the national party, described earlier, that the Other Services SSA formula had been 'fiddled' through an increase in the weighting of the visitor nights indicator to benefit favoured Tory London councils. As well as this *cause célèbre* within Labour circles there emerged a 'North-South' issue, or, more accurately, a 'London and South-East versus The Rest' issue. This issue arose from the increased weight given to the Area Cost Adjustment – which gave extra SSA to authorities in London and the South-East to compensate them for higher labour costs. Controversy surrounded both the sudden increase in such compensation that occurred in 1990 and its further increase thereafter. Positions on this tended to be taken along regional, rather than party, lines and, interestingly, the fault lines occurred within some of the separate local authority associations, rather than, as was much more traditional on finance issues, between them. A number of spontaneous groupings of local authorities emerged specifically designed to mount SSA studies and directly lobby for change, rather than concentrate their efforts through their associations. Thus, in 1993, 27 of the 39 shire counties gave full support to a paper which claimed to demonstrate that 'the present Area Cost Adjustment overstates the spending needs of London and the South-East' (Shropshire County Council 1993). (Strikingly, the split was exactly along self-interest lines with the 27 'signatories' representing all the counties who did not receive Area Cost Adjustment and the 12 'non-signatories' being all those who did.) Feelings of injustice were strong enough in a large number of local authorities to make an (ultimately non-committal) Audit Commission (1993) special study on needs assessments very timely, in that it pushed the government and Department of the Environment into giving needs assessments a review in 1993 and stimulated an examination by the Environment Committee of the House of Commons (HC 1994). However, the review led to no substantial changes in SSAs.

In the 1990s academic studies of needs assessments, outside the various research assignments undertaken for the Audit Commission study, have been rather sparse, although a number of studies by academics were commissioned by the Department of the Environment. Amongst the exceptions are Senior (1994) and Thomas and Warren (1997). A major study on needs assessments published in 1990 (Bramley 1990) was written prior to the introduction of SSAs. Perhaps the most important contribution is by Smith (1993) whose work for the Audit Commission study shows that political control and grant receipts remained important determinants of local authorities' expenditures in the 1990s.

Deliberate political manipulation of the English needs assessments, as

opposed to accidental or incidental political bias such as occurred due to feedback, has never, until recently, been seriously addressed in academic studies (there have been such studies of other countries systems of needs assessments, including Rich (1989) and Grossman (1996) on the distribution of US federal grants and Bungey, Grossman, and Kenyon (1991) on the Australian federation). The breakthrough in this subject has, however, come with a paper by two British political scientists (Ward and John, forthcoming). The approach taken in that paper is quite sophisticated in that it involves examining the extent to which needs assessments and grants are targeted towards marginal parliamentary seats, as well as possible targeting motivated by a desire to help local authorities under the control of the party of government. But these, of course, are not the only types of possible political manipulation, and the one investigated here is of a different form. This is that significant political manipulation might be associated with ministerial 'pet projects' and occur discontinuously as the need arises. Examples of this type of manipulation by the Conservative governments of the 1980s and 1990s were associated with successive privatizations, with resorts to techniques such as debt write-offs, financial restructuring, and underpricing of equity issues (Gibson and Watt 1989) in order to increase the appearance of 'success' of the privatizations (Heald 1988). This involved the targeting of extra resources at favoured projects and, similarly, that is what is being investigated here in the case of the abolition of ILEA. The following section provides the background to the case study.

## THE ABOLITION OF ILEA

### The path to abolition

ILEA was an institution reviled by many Conservative MPs. Its enemies included Norman Tebbit, whose memoirs (1989, pp. 93-4), recalling the years in the 1970s when his family lived in Islington, display a keen hostility towards ILEA and Kenneth Baker, whose memoirs present his view of it as a highly politicized and inefficient authority.

These enemies became more powerful in the 1980s and the Conservatives' anger with ILEA increased during the early 1980s when, along with the GLC, it was seen as being responsible for a high proportion of local government 'overspending'. This was taken as justification for the 1983 manifesto commitment to introduce rate capping and abolish the GLC. As the 1983 Rates White Paper put it:

... The 80 per cent of authorities spending at or near to target in 1983/84 taken as a group showed no growth in the volume of current expenditure between 1978/79 and 1983/84. But the other 20 per cent increased their expenditure by about 8 per cent in volume over the same period. In 1983/84, 75 per cent of the budgeted overspend of £771m on the aggregate of local authority targets in the RSG settlement was due to only 16

authorities. Of these the GLC accounted for £300m and the ILEA for £100m (Department of the Environment 1983, para. 1.26).

Kenneth Baker recalls urging that when the abolition of the GLC was included in the 1983 Conservative manifesto 'we should go a step further and abolish ILEA as well' (Baker 1993, p. 225). At that stage Baker states that the majority of London Conservative MPs were cautious, wary of the possible mobilization of parent teacher associations in the forthcoming general election and that only he and Mrs Thatcher favoured boldness. The decision was taken to establish ILEA as a directly elected authority and included in the GLC Abolition Bill. Its first elections were held in March 1986. But this 'new, unwarranted, legitimacy' made matters worse, according to Baker:

... it provided a political platform for the same sort of left-wing politics we were seeing in the town halls. Furthermore, ILEA showed itself totally incapable of dealing with militant left-wing teachers who, among other things, absented themselves from their schools to take part in political demonstrations. Together with ILEA's promotion of homosexual literature, and the anti-police attitude fostered by teachers in some schools, the authority became a byword for swollen bureaucracy, high costs, low academic standards and political extremism (Baker 1993, p. 226).

By May 1986, Baker himself was at the helm of education policy making, having been appointed Education Secretary. In May 1987 it was agreed to include in the 1987 Conservative general election manifesto a plan to allow individual Inner London Boroughs to secede from ILEA and take responsibility for education services. Baker's hope was that 'ILEA would shrink and eventually cease to be viable thus justifying its winding up' (Baker 1993, p. 227). The power to secede at the 'start date' of April 1990 was included in the Education Reform Bill and quickly taken up by the three Conservative-run boroughs of Kensington & Chelsea, Wandsworth, and Westminster. A Conservative victory in a local by-election in Wandsworth largely fought on the issue of the planned Wandsworth opt-out from ILEA, strengthened the resolve of ILEA's enemies. A reserve power had been included in the Bill to enable the Secretary of State for Education to dissolve ILEA if eight (later reduced to five by a Conservative inspired amendment) boroughs opted-out, but now 109 Conservative MPs signed an Early Day Motion to abolish ILEA, and on 4 February 1988 the decision to abolish ILEA was announced.

### **ILEA's costs and the poll tax**

ILEA's large overspending in relation to its GRE had major implications and significance in the context of the approaching poll tax. Under the block grant system the financing of ILEA was extraordinarily advantageous to

the domestic ratepayers of Inner London largely because the Inner London business tax base – especially that in the City of London and Westminster – was high enough to finance ILEA's spending at a much lower rate poundage cost than elsewhere (Gibson 1990, ch. 4). The nationalization of the non-domestic rate meant that this advantage would be removed. Local taxes would be bound to rise sharply in a majority of the boroughs, and many domestic taxpayers would face very large increases. Thus, as shown in table 2, the average two-adult household in Inner London faced almost a doubling in local tax bills, compared to an average figure for England of less than 2 per cent.

TABLE 2 *Impact on average domestic tax bills of switch from domestic rates to poll tax*

	Average rate bill per household	Basic poll tax	Spending above GRE per adult	Poll tax per adult	Average % change in bill for two adult household
England	440	178	46	224	+1.8
Main areas:					
Shires	419	178	14	192	-8.3
Metropolitan	424	178	53	231	+9.0
Inner London	594	178	399	577	+94.3
Outer London	517	178	48	226	-12.6

Source: Parliamentary Written Answer, 29 June 1987 and author's computations

However, as table 3 shows, a substantial part of this tax increase for Inner London was due to spending above needs assessment (GRE), in which ILEA overspending was substantial. With existing overspending, the figures for individual boroughs were variable and, in most cases, even worse: five boroughs – Greenwich, Hammersmith & Fulham, Lewisham, Tower Hamlets, and Wandsworth – faced increases of more than 100 per cent. Gains were concentrated in Westminster, with a reduction in average bill of 23 per cent. If overspending could be eliminated, then the picture would be transformed: four boroughs would then show substantial bill reductions, with bills halved in Westminster and Kensington & Chelsea, and only two boroughs would have bills increasing by more than 50 per cent – Greenwich (72.6 per cent) and Tower Hamlets (51.5 per cent).

This then was the background against which the Needs Assessments Sub-Group undertook its work during 1989 on developing the SSAs for the new system. It was a most extensive exercise, with the group holding 41 meetings and considering 142 background working papers. The Needs Assessment Sub-Group's report was presented in July 1989 (Needs Assessment Sub Group 1989a) and, then, after reaction from the associations, and further modifications, presented to the CCLGF in September.

This report set out the various options for each service. Because a thoroughgoing review of needs assessments, including their simplification, had been presented as part of the reforms, the range on the options was



TABLE 3 *Changes in local tax bills for actual spending and spending at GRE (1987-88 data)*

	Domestic rateable value per adult £s	Spending at GRE:		Overspend per adult £s	Actual spending:			Change in local tax bill per adult due to 'overspend' £s
		Average rate bill per adult £s	Change in local tax bill per adult %		Poll tax per adult £s	Average rate bill per adult £s	Change in local tax bill per adult %	
City of London	354.4	265.9	-33.1	-87.9	278	456	-2.0	78.6
Camden	185.6	231.2	-23.0	-53.2	604	782	81.9	405.3
Greenwich	109.5	103.1	72.6	74.9	430	608	145.5	285.5
Hackney	143.6	139.9	27.2	38.1	513	691	73.3	254.2
Hammersmith & Fulham	134.4	138.7	28.4	39.3	287	465	115.5	209.9
Islington	159.1	169.4	5.1	8.6	305	280.9	72.0	193.5
Kensington & Chelsea	329.4	354.9	-49.8	-176.9	192	370	-0.3	175.7
Lambeth	134.5	138.9	28.2	39.1	369	547	89.6	219.4
Lewisham	122.6	123.4	44.4	54.6	499	677	89.7	265.5
Southwark	125.7	121.5	46.5	56.5	392	570	108.7	240.3
Tower Hamlets	141.2	117.5	51.5	60.5	461	639	119.2	287.1
Wandsworth	129.4	150.4	18.3	27.6	257	435	113.2	203.4
Westminster	352.6	370.2	-51.9	-192.2	218	396	-23.0	74.0

Note: Poll Tax at GRE = £178

Source: Gibson 1990, ch. 4

much wider than that under consideration in a normal year. One thing must have been noticeable to the inner-circle of readers of the Sub-Group's report: a number of the options were surprisingly favourable to London and the South-East, and most of the education options strongly helpful to Inner London. Even the least favourable education option involved, at worst, a neutral position for Inner London.

At this stage the decisions on which options to choose are with the ministers and their decisions are presented around late November or early December in the 'Consultations' on the Revenue Support Grant Settlement. In fact, there are rarely anything more than minor changes after the issuance of the consultative settlement. The decision process is a 'black box' into which it is difficult to peer. There can be no doubt that the political temperature was strongly in favour of decisions helpful to the Inner London boroughs – the government and the Conservative Party had already invested much political capital in the abolition of ILEA. Reading Mrs Thatcher's memoirs there can be little doubt that in the autumn of 1989 she had been keen to see a reduction in (as she put it) ILEA's 'costs': '... we had made the decision to abolish ILEA, which seemed likely to reduce community charge bills in London significantly in the long term' (Thatcher 1993, p. 653). And, of course, given that the government had itself often stressed that the electorate should make a direct link between costs, their local tax bills, and the efficiency of their local authorities, this meant that local tax bills must be reduced. The author strongly suspects that 'the sooner the better' was the imperative for lowering local tax bills in Inner London. But the unwillingness of the Chancellor, Nigel Lawson, whose priority was tackling the embarrassing escalation in inflation in 1989, to grant extra resources to easing in a new tax, whose introduction he had strongly opposed (see Lawson 1992, ch. 45) meant that the main avenue of possible assistance lay in switching resources into London, and the least transparent way of doing this would be through the SSAs.

Let us now present the data, which cover all English local authorities responsible for education in 1990–91, excluding the City of London, which was an extreme outlier, with very few resident pupils, and the two main hypotheses and set out the method of testing the evidence.

## THE HYPOTHESES

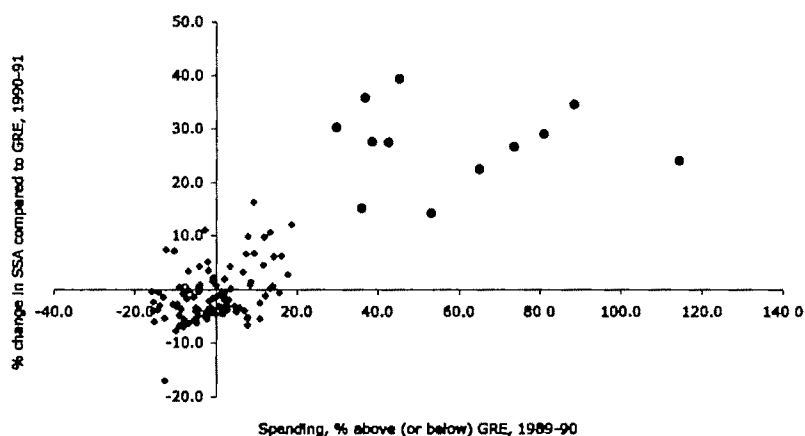
The test conducted here involves two, presumed competing, hypotheses. The first hypothesis is that the large increase in Inner London's Education SSA was due to the well-established characteristic of SSAs of following previous expenditure and overspends. Investigating this involves a study of two basic variables: (1) the percentage change in spending assessment for education (PSS), that is the percentage difference between the Education SSA in 1990–91 and the rescaled borough education GRE in 1989–90 (as calculated by the DES – see Needs Assessment Sub-Group 1989a and 1989b)

and (2) the percentage by which education spending exceeded (or was below) education GRE in 1989–90 (POGR).

Figure 1 presents a scatter diagram of the observations for these two variables. There is, compared to a normal year, an unusually large variation in changes in Education SSAs and clearly there is, overall, a close relationship between such changes and previous education spending in relation to education GRE (in fact,  $r = 0.80$ ).

This close relationship presents a (possibly) innocent technical explanation of the large shift in needs assessments which benefited the Inner London boroughs: that it was due to the established tendency of needs assessments – through regression-induced feedback – to follow past spending (although feedback is here labelled innocent, as the earlier discussion indicated, this would still constitute a procedure biased in favour of high-spending authorities). The Inner London boroughs' observations clearly form an 'outlying' family, but it is impossible to tell from the basic scatter whether the boroughs have been unduly favoured. Of course, feedback itself may not be entirely innocent if it represented the implementation of a determination to diminish measured overspending, either on the grounds of convenience or because of a desire on the part of the civil servants or their ministers to assist Inner London for its own sake.

As none of the ministers concerned has ever publicly discussed the large increase in Inner London Education SSAs in 1990, it is impossible to assess directly whether the change was entirely innocent or whether it was political manipulation – the latter being, of course, the second hypothesis. But a test through an indirect approach is possible and the key to it lies in the introduction of other candidate explanatory variables. The test is suggested by answering the question: what characteristics might one not expect the



Note: • = observations for Inner London Borough

FIGURE 1 *Changes in assessments and previous (over)spending*

pattern of changes in SSAs to have if the process were merely technical? The answer surely is that one would not expect to find any special bias in favour of Inner London boroughs, *over and above* the advantage which would accrue to Inner London because it contained the authorities with the largest percentage overspends. To test whether this was the case or not, a dummy variable representing whether an authority was Inner London (ILEA = 1) or not Inner London (ILEA = 0) is introduced and the effects of this on the change in SSA is estimated alongside the variable representing the previous overspending of an authority (POGR). Obviously, the stronger the effect of the ILEA dummy relative to the effect of previous spending then the stronger the inference that it was political manipulation rather than technical correction which was the main reason for the large redistribution behind Education SSAs.

It would be convenient if the test could be confined simply to this either-or examination of technical correction of education overspends versus political manipulation designed to help provide 'evidence' that the abolition of ILEA would quickly lead to reduced costs and increased efficiency. However, there are other possibilities which should be checked and require the introduction of further variables.

One possibility is that the prime motivation for changes in the Education SSAs was to reduce measured total overspending, as distinct from education overspending. This policy would tend to move SSA and with it grant in favour of Inner London, where there were the highest general overspends. The absolute level of *long-run* (see below for further discussion) poll tax in any authority would be directly related to the level of overspend per adult. The effect of this will be checked by introducing a variable – OVPA – which measures the potential overspending per adult of each local authority *in the absence of any redistribution of Education SSAs*. This variable is derived from the official figure for each local authority's expenditure in 1990–91, itself involving a standardized scaling-up of 1989–90 expenditure (Department of the Environment 1990a, table 2), minus the adjusted SSA – that is actual 1990–91 SSA adjusted for education SSAs which are unchanged, in terms of share of the national total, from 1989–90. (The OVPA variable is necessarily oversimplified in that it assumes zero behavioural response to a different level of SSAs and grants, when, of course, there would be some such response, with gaining (losing) authorities increasing (decreasing) expenditure to some extent.) It should be pointed out that if the OVPA variable proves to be important, thus confirming that this was a material consideration, then such a policy would in itself represent a form of political manipulation.

Another possibility is that changes in Education SSA are related to the potential change in (as opposed to level of) tax bill. This will be checked by introducing a variable (PCB) measuring the potential long-run percentage change in tax bill for each local authority, again, in the absence of any redistribution of Education SSAs. Similarly to OVPA, this variable is meas-

ured by using the official figure for scaled-up previous expenditure of each local authority, and measuring the resulting long-run change in average tax level, after taking into account the necessary adjustment to SSAs. (The method of obtaining PCB was exactly the same as with OVPA, and similar comments regarding the assumed zero behavioural response apply.) It should be noted that this change in bills is *long run*, differing radically from the immediate change in bills, whose levels were affected by a complex 'sticking-plaster' operation, involving safety-nets and special grants which, by means of a self-financed redistribution pool, largely suppressed tax rises in areas losing from the 1990 reforms and forced gaining areas to contribute 53.6 per cent of their potential long-run gains to the redistribution pool, up to a maximum contribution of £75 per adult (see Association of County Councils 1990, p. 105). There were also some special additional transitional grants paid to the Inner London boroughs to reduce the impact on tax bills of their inherited ILEA 'overspending'. Overall, this might substantially reduce the influence of PCB.

A final possible influence examined here is that the changes in Education SSA were motivated by a desire to assist authorities where local political control was with the Conservative Party. This is, of course, a more conventional form of political manipulation, and is measured by a dummy variable (LPOL) set equal to one where the Conservatives had local political control.

Table 4 presents summary data on the variables included. It shows the wide variation and range – between authorities – in all the variables. For all the variables the standard deviation is greater than the mean, and the range for all but one of the variables is more than five, and for two variables more than seven, times the standard deviation. Of course, the postulated effect of all the variables on PSS is positive. Indeed as table 5 shows, the simple correlations with PSS are positive for all variables except LPOL, but there is quite strong collinearity between some of the explanatory variables, so it is perfectly possible that some of the underlying partial correlations show different relationships.

TABLE 4 *The variables*

Variable:	Mean	Standard deviation	Maximum	Minimum
PSS	2.38	10.38	39.30	-17.05
POGR	6.26	22.08	114.39	-15.38
ILEA	0.11	0.32	1.00	0
OVPA	30.06	108.77	466.31	-311.59
PCB	5.87	36.03	139.03	-115.30
LPOL	0.30	0.46	1.00	0

Sources: Grants Working Group 1989; author's computations

TABLE 5 *Correlation matrix*

	PSS	POGR	ILEA	OVPA	PCB	LPOL
PSS	1	—	—	—	—	—
POGR	0.80	1	—	—	—	—
ILEA	0.85	0.85	1	—	—	—
OVPA	0.74	0.63	0.63	1	—	—
PCB	0.41	0.43	0.42	0.76	1	—
LPOL	-0.10	-0.16	-0.04	-0.42	-0.43	1

### TESTING THE HYPOTHESES

The hypotheses are tested by examining the strengths of the estimated relationships between PSS and the other variables. Data were ordered according to the size of POGR, in order to assist checking for possible heteroscedascity and misspecification (ordered data means the Durbin-Watson statistic can serve as a detector of some forms of misspecification – see Fomby, Hill, and Johnson 1984). Table 6 presents the results of a series of regressions.

Regression 1 estimates the simple relationship with POGR. The variable is statistically significant at the 0.01 level and there is an estimated average 0.37 per cent change in PSS for each 1 per cent spending difference. However, both the Durbin-Watson test and the Ramsey specification test, suggest that there is quite strong misspecification, which is usually a sign either that the true relationship is non-linear or that there are important excluded explanatory variables. In this case, the scattergram – shown in figure 1 – does not suggest non-linearity, thus pointing to the latter source of misspecification.

TABLE 6 *The regressions*

Regression No.:	1	2	3	4	5	6	7
Variables:							
Constant	0.04	-0.74	-0.89	-0.50	-1.39	-1.54	-1.54
POGR	0.37*** (13.4)	0.12*** (2.73)	0.07** (1.81)	0.11*** (2.42)	0.07** (2.04)	0.08** (2.07)	0.08** (1.83)
ILEA		20.84*** (6.82)	17.37*** (6.15)	21.03*** (6.56)	15.56*** (5.62)	15.69*** (5.31)	15.69*** (3.71)
OVPA			0.03*** (5.13)		0.05*** (6.95)	0.03*** (5.40)	0.03*** (5.04)
PCB				0.01 (0.41)	-0.07*** (3.92)		
LPOL				-0.71 (-0.55)	1.33 (1.20)	2.06** (1.77)	2.06** (2.08)
R <sup>2</sup>	0.63	0.75	0.80	0.75	0.83	0.80	0.80
D-W	1.63	2.19	2.22	2.20	2.31	2.20	2.20
n	107	107	107	107	107	107	107

Notes: \* = significant at 0.10 level

\*\* = significant at 0.05 level

\*\*\* = significant at 0.01 level

Regression 2 introduces the ILEA dummy. The level of explanation is substantially increased, and, now, the level of the Durbin-Watson statistic no longer indicates any strong misspecification. Whilst the variables are significant at the 0.05 and 0.01 levels respectively, the effect of ILEA is relatively large compared to POGR. Being an Inner London authority results in an average *increase* in SSA of nearly 21 per cent, independently of any effect due to POGR. The estimated sensitivity of POGR is now, understandably, much reduced – from 0.37 to 0.12. At these relative sizes of estimated effects, for POGR to stimulate an equivalent effect to ILEA would require that an authority had a previous overspend of 175 per cent – and the largest actual overspend by any local authority was much lower than this, at 114 per cent. So clearly this result in regression 2, before the introduction of any other variables, strongly implies that there was political manipulation of the Education SSAs in 1990.

Regressions 3, 4, 5, and 6 introduce the other three variables – general overspending, OVPA, percentage change in tax bills, PCB, and local political control, LPOL. In relation to LPOL, regressions 5 and 6 indicate a positive, but small, movement in SSAs in favour of authorities under Conservative control – certainly a small effect, in that it is dwarfed by the ILEA effect. Regressions 3 to 6 indicate that the change in Education SSA was somewhat in favour of authorities with higher levels of potential general overspending – although less responsive than to previous education overspending. The inclusion of OVPA reduced the estimated size of effects of ILEA and POGR, but *increased the relative importance* of ILEA. The change in bills variable contributed far less additional explanatory value than general overspending, and, indeed, takes the ‘wrong’ sign when included with OVPA. Regression 6 shows that non-inclusion of the PCB variable reduces the estimated effect of OVPA. Because of evidence of some heteroscedascity (detected by running a regression of the squared residuals on POGR, and this proved to be positive and statistically significant at the 0.05 level. It is worth noting that the Ramsey Reset Test does not indicate any misspecification in regression 6), regression 7 presents a regression using White’s heteroscedascity-corrected standard errors – and it can be seen that this turns out not to be a serious problem. As discussed earlier there may be problems with the PCB variable because ministers had long announced that they would mostly suppress any large potential tax changes in the first year of the new system. Another possibility is that any possible tax bill effect would only operate within the framework of the change in overall SSA, rather than in a service-level SSA. In any case, this problem, if it is a problem, with the PCB variable, is of little account in that it does not affect the main finding on the relative size of effect of the ILEA variable compared to the POGR variable. This appears to be robust to the inclusion of additional variables. Whichever regression is chosen, the coefficient on the ILEA variable indicates not just a substantial increase in Education SSAs not accounted for by any technical correction in response to previous measured

education overspending, but also an increase which is far larger than any response to previous total overspending. Some numbers may best illustrate this, using the estimates from regression 6. For example, an Inner London borough with an education overspend of 50 per cent (close to the median value) could expect an increase in its Education SSA of around 4 per cent because of its education overspending, but an increase of nearly 15.7 per cent due to its being an Inner London borough. Taking into account the smaller effect caused by total overspending indicates a likely range of 75–80 per cent as a result of pure political manipulation. The indirect test has provided strong circumstantial evidence of the importance of political manipulation in the large redistribution of Education SSAs in favour of Inner London in 1990.

### IMPLICATIONS AND CONCLUDING ANALYSIS

So the main finding of this study is that there was pure (that is, unadulterated) political manipulation of the Education SSAs by the Conservative government in 1990. There are two main implications for public policy, the first relating to the immediate issue of the distribution of central grants to English local authorities, the second to possible institutional reforms to the process of grant distribution.

The estimates here strongly indicate that around 75–80 per cent of the £180 m increase in Education SSAs and grant enjoyed by Inner London was the result of political manipulation. It must be emphasized that this was not simply a one-year phenomenon, because the Education SSAs of the Inner London boroughs have been essentially maintained at this new higher level since then, and, of course, this has been at the expense of most authorities outside Inner London. The effects have been seen in lower spending caps, and lower levels of services, in these other authorities. The Labour government has taken such swift action to remove the much smaller 'visitor nights' unfairness, but the evidence of this article is that fairness would be substantially better served by action on Education SSAs.

The quantity of resources involved in SSAs and central grants to local authorities is such that politicians, with typically short-term horizons, must often be sorely tempted to tweak the distribution towards favoured authorities or to give projects (including reorganizations), in which they have invested political capital, the appearance of success. There may be two possible ways to eradicate this problem. The first would be to establish limits to the permitted year-on-year change in grant or SSA redistribution. But, aside from any difficulties in choosing the limits and retaining the possibility of responding to genuine rapid changes in needs, this might itself, even if established by legislation, be difficult to maintain. A second possibility is to establish an arms-length grant commission, such as operates in Australia. This idea was, in fact, being floated by Labour in 1994 in an early draft of its policy statement on local government. Unfortunately, or some might say, predictably, the idea was dropped in 1995 and did not appear



in the final statement. Each administration since the late 1970s has been accused of political manipulation of the grant system. The analysis in this article has indicated that in the case of the large redistribution of Education SSAs in 1990, which, given its survival in the present SSAs, must have a cumulative value of well over £1 billion, the accusation of political manipulation is supported strongly by the evidence. A commission may be the best way forward. The analysis in this article may help to stimulate a debate.

## NOTE

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# **RATIONALITY AND RHETORIC: THE CONTRIBUTION TO SOCIAL CARE POLICY MAKING OF SIR ROY GRIFFITHS 1986–1991**

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GERALD WISTOW AND STEPHEN HARRISON

Between 1982 and 1992 Roy Griffiths, then Managing Director of the Sainsbury supermarket chain, wrote two reports which led to significant changes in the organization and management of health and social services in the UK. This article provides a detailed account of the policy process which led to the latter of these reports, which dealt with community care, in order to assess Griffiths' personal contribution to policy making.

## **INTRODUCTION**

During the decade 1982 to 1992, despite having no previous connections with the National Health Service (NHS) or social services, Roy Griffiths wrote two major reports related to those public services, the first (published in 1983, hereafter 'Griffiths I') on the management of the NHS and the second (published in 1988, 'Griffiths II') on community care. As adviser in the Department of Health he was closely involved in the subsequent reorganization of these services. Knighted in 1985, he died in 1994.

The objective of this article is to assess Griffiths' personal contribution to policy making in the field of community care, rather than to evaluate the substantive policy or to consider the implications of our analysis for the more general literature on policy entrepreneurship (for which see Harrison and Wistow, forthcoming). In order to provide a basis for analysis, we compare the community care report with that of the earlier, general management report (Harrison 1994), and draw upon documentary evidence and interviews with contemporarily relevant actors, including our subject.<sup>1</sup> We begin by establishing the salient features of Griffiths I before setting out the background to the commissioning of Griffiths II. We then describe in detail the process of that review and the content of the report, before considering the various actors' responses to it, and the outcome in terms of what was implemented. Finally, we draw out the extent of Griffiths' personal contribution to policy making.

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## GRIFFITHS I – GENERAL MANAGEMENT

Griffiths was approached in late 1982 to chair what was described as an inquiry into NHS 'manpower'. The decision to establish such an inquiry, announced by Norman Fowler at the Conservative Party conference in October 1982, had arisen in response to a number of political pressures (Harrison 1994). Griffiths was not the first to be offered its chair, the original favoured candidate having declined. He had no previous connections with the NHS or government; his name was suggested by (the then) Sir John Sainsbury, a *confidant* of the then Prime Minister, Mrs Thatcher, and endorsed by Sir Derek Rayner, whose informal enquiries had indicated that Griffiths was an important architect of Sainsbury's commercial success. Perhaps unusually, Griffiths declined the invitation. His grounds were logical; if an organization had a 'manpower' problem, such a matter was of the second order: a symptom of a first order problem. The first order problem was management, and Griffiths would accept the chair of the inquiry only if its proposed terms of reference were modified to encompass the *management* of the NHS. Ministers acceded, and the inquiry began work in early 1983. Griffiths' colleagues on the inquiry were, as intended, all business persons: from United Biscuits, British Telecom, and Television Southwest. They were assisted by civil servants seconded from the Department of Health and Social Security (DHSS).

The inquiry held no hearings and took no formal evidence, but (largely at Griffiths' behest) relied mainly on an extensive programme of visits to hospitals and other NHS institutions and interest groups during which opinions were sought rather than specific questions asked or proposals floated. The team also examined official reports (though not academic research) about NHS management stretching back to the 1950s and commissioned a private study of the relationships between management and doctors. Finally, a number of pilot studies of the application of cost-centre budgeting to hospitals was begun. The time scale was tight; a confidential progress report (only three pages in length) was provided to ministers in June 1983, and the final report early in October 1983. Griffiths had chosen not to circulate a draft within DHSS, but rather to demand responses to an oral presentation. The report was made public by Mr Fowler on 25 October and took the unusual form of a 24-page typescript letter from Griffiths to Fowler written almost entirely by Griffiths. The model recommended was Griffiths' own; other members of the team had (at least on the accounts of some of them) other preferences, some more and some less radical. The diagnosis was brief and brutal with four main elements.

Firstly, the team were concerned that individual overall management accountability could not be located:

... it appears to us that consensus management can lead to 'lowest common denominator decisions' and to long delays in the management process ... the absolute need to get agreement overshadows the substance

of the decision required . . . In short, if Florence Nightingale were carrying her lamp through the corridors of the NHS today, she would almost certainly be searching for the people in charge (NHS Management Inquiry 1983, pp. 17, 22).

The second aspect of the team's diagnosis was that 'the machinery of implementation is generally weak' (p. 14).

. . . there is no driving force seeking and accepting direct and personal responsibility for developing management plans, securing their implementation and monitoring actual achievements . . . certain major initiatives are difficult to implement . . . [and] above all . . . lack of a general management process means that it is extremely difficult to achieve change . . . [A] more thrusting and committed style of management . . . is implicit in all our recommendations (pp. 12, 19).

Thirdly, the team highlighted the absence of any orientation in the NHS towards performance.

. . . it lacks any real continuous evaluation of its performance . . . rarely are precise management objectives set; there is little measurement of health output; clinical evaluation of particular practices is by no means common and economic evaluation of these practices is extremely rare (p. 10).

Finally, it identified a lack of concern with the views of consumers of health services.

Nor can the NHS display a ready assessment of the effectiveness with which it is meeting the needs and expectations of the people it serves . . . Whether the NHS is meeting the needs of the patient, and the community, and can prove that it is doing so, is open to question (p. 10).

Recommendations fell into four groups. First, changes within DHSS were proposed: a Health Services Supervisory Board, chaired by the secretary of state, to have strategic responsibility for the objectives and resources of the NHS, and a full-time executive, multiprofessional NHS Management Board, chaired by a person who would in effect be the service's chief executive. Second, the appointment of general managers at each level of organization: regardless of discipline, these should have overall management responsibility for achieving the authority's objectives and substantial freedom to design local organization structures. Functionally based structures should be minimized and day-to-day decisions taken at hospital or similar level rather than above. Third, existing rudimentary systems of management by objectives should be extended and 'cost-improvement programmes' introduced to reduce costs without impairing services. Finally, clinical doctors should become involved in local management, primarily through the medium of workload-related budgets. The report also urged that more

attention be paid to patients' and community opinion, but made no substantive proposals for accomplishing this.

The report proved controversial both within the DHSS and the NHS. Although Fowler's announcement of the report's publication had contained a statement that the recommendations relating to the department had been accepted, the civil service was less than happy about 'the threat to its empire posed by a small, strong and separate central management board' (Timmins 1995, p. 408). The remainder of the report's recommendations were to be subject to consultation. Strong opposition came from the NHS, especially from the medical and nursing professions, principally concerning the proposal to appoint individual general managers in place of the existing multidisciplinary consensus management teams. Although such managers had been proposed for the NHS during the 1960s, the organizational trend then and since had been in the opposite direction, with the architects of the 1974 reorganization of the NHS concluding that general managers/chief executives were not a realistic proposition. The Griffiths proposal was welcomed by organizations representing NHS administrators and treasurers, but was otherwise seen to threaten the fragile managerial/professional accommodation formalized in consensus management (Harrison 1982).

Although Griffiths had had the individual doctors whom he had met 'eating out of his hand', this charm did not extend to the British Medical Association (BMA) collectively. During the Social Services (Select) Committee's hearings in 1983-84, the BMA came so close to declaring independence from NHS management as perhaps to have overplayed its hand; nevertheless, it contributed to Fowler's diffidence about implementing the report. The Royal Colleges of Nursing and of Midwives opposed the report too, the former resorting to a newspaper advertising campaign featuring the NHS manager as someone unable 'to tell his [sic] *coccyx* from his *humerus*' (Timmins 1995, p. 410). Such professional (and a modicum of academic) opposition probably contributed to the publication in March 1984 of a Social Services Committee report which was basically hostile to the central Griffiths proposal.

During this extended period of consultation, Griffiths had taken care to maintain a close relationship with the Prime Minister, who had not previously known him but whose confidence he gained during the exercise. Indeed, she was 'keener than Fowler on the emergent [Griffiths] solution'. It was not until June 1984 that the secretary of state announced the government's decision; health authorities were to 'start work straightaway to establish the general management function and to identify individual general managers ...' (DHSS 1984). Griffiths' recommendations were implemented in their entirety over the following two years.

## BACKGROUND TO GRIFFITHS II: THE COMMUNITY CARE REVIEW

Policy makers' concerns about lack of integration, from the client's/patient's point of view, in health and welfare services stretch back

into the 1960s (Harrison 1988) Indeed the rationale for the reorganization of both health and social care services which took place in 1974 was to improve such integration (Wistow 1982). The trigger for Griffiths' study of community care was an Audit Commission report (1986) which was strongly critical of 'slow and uneven progress' in achieving community care objectives. It identified a number of 'fundamental underlying problems' for which central government was primarily responsible. They included: organizational fragmentation and confusion; the inherent contradiction between policies requiring a shift of responsibility from hospital to local authority services, on the one hand, and the imposition of financial penalties on authorities which expanded community services on the other; and the creation of perverse financial incentives by the ready availability of social security funds to expand residential but not community services.

This last factor was the most pressing politically and central to Griffiths' terms of reference. It contained two distinct, but interrelated elements. First, the social security budget was effectively open-ended and outside public expenditure cash limits. Second, it provided questionable value for money since payments depended on financial means rather than care needs, and payments were available to support expensive institutional services but not cheaper community alternatives. Thus the social security system was providing a virtually automatic entitlement to residential or nursing home care, whilst health and social services policies sought to enable people to remain in their own homes for as long as possible.

The commission's critique of policy disarray was not new but provided a source of political embarrassment which officials in the Department of Health were able to exploit. They had been concerned not only about the impact on community care of the perverse incentives described above but also about the need for a more coherent approach to the development of community and social care more generally. A Green Paper on the latter had previously been promised by the secretary of state in a speech advocating reorientation of social services departments towards an 'enabling role' whereby they 'promoted and supported the fullest possible participation of ... different sources of care (as well as their own direct provision)' (Fowler 1984). Work was undertaken on such a document but it was never published. Officials were similarly frustrated in their attempts to secure a ministerial response to the growth of social security expenditure. Indeed, there was a view in the department that the matter did not require a 'formal external review because we sorted through the issues ourselves and had perfectly good solutions which we put up [to Ministers] to encounter this wall of silence'. However, the notion of an independent external review provided a new opportunity for officials to overcome ministerial reluctance to confront the issues which the Audit Commission had highlighted. It appears that the Permanent Secretary, Sir Kenneth Stowe, saw the Secretary of State for Health (Norman Fowler) and 'in effect said Roy Griffiths had "pulled a rabbit out of a hat" before on the NHS. Let's see what he can do with community care'.

On 16 December 1986, Fowler announced that he had commissioned Griffiths to conduct a review of community care. The exercise was to be completed within twelve months and was to focus on 'the way in which public funds are used to support community care policy and to advise [the secretary of state] on the options that would improve the use of those funds as a contribution to more effective community care' (DHSS 1986). Griffiths was specifically required to compare the arrangements for funding residential and nursing home services with those for domiciliary care. Fowler specified that the review should be brief and 'geared to advice on action, as was the review of management in the health service' (DHSS 1986). Griffiths had by then become something of an insider. He had worked closely with Fowler on the previous NHS review and was serving as the Prime Minister's personal adviser on health matters; 'the fact that he was personally known to the Prime Minister and the Prime Minister would have trusted him . . . was almost more important . . . than the Secretary of State trusting him'. That he had dealt effectively with his NHS commission was seen as 'almost a guarantee that he would crack this problem for the Government'. Although there could be no questioning his independence of mind, he was simultaneously perceived 'so to speak, as a member of the Department [of Health]'.

### THE CONDUCT OF THE REVIEW

In his letter to the secretary of state prefacing his report, Griffiths stated that he had been asked to produce a brief document and that the enquiry itself should not be a 'Royal Commission type of investigation taking formal evidence' (para. 4); he did not see his 'primary task as fact finding' (para. 2.8) and considered that the essential facts were contained in earlier reports from the Audit Commission and House of Commons Social Services Committee (1985). Subsequent reports from the National Audit Office (1987) and a Joint Central and Local Government Working Party (1987) on the public funding of residential care provided him with further source material, and he received large numbers of written submissions. Documentary evidence was supplemented by what he described as 'extensive discussions and visits' (para. 5). He was assisted by a small group of relatively junior departmental officials and an advisory group of external experts. Whilst he had had some personal knowledge of the NHS through a daughter who was a junior doctor, an insider doubted 'very much if the lifestyle he had led brought him into social care and community care issues very often'. As a result he was seen as approaching his task from a standing start, though he brought to it formidable qualities for analysing complex issues and absorbing detailed information (Smith and Young 1996, p. 121). However, it was through his visits that Griffiths demonstrated his distinctive approach. An insider recorded that: 'His focus right from start was "I want to look at the interface between the client and the direct service which is provided. That is the focus, the rest of it is all superstructure . . ."'



The same respondent emphasized that Griffiths made it clear that he did not want to meet local dignitaries but to see old people's homes and day centres or go out with home care officers and the Meals-on-Wheels Service. Another told of his spurning the mayoral limousine in favour of a minibus. In his local meetings, he was said to 'single-mindedly focus attention' on the 'crucial point of contact' with the service user, concentrating on such issues as:

Where do you get your clients from, how do you get your clients, what do you do when you get a referral, how do you make a judgement about what is needed, how do you bring into play other people who are not under your direct command, what does it feel like to be a client with all these different people . . . ?

That distinctive approach was a novel one for policy makers and service delivery staff alike. It was a perspective he was seen as having brought from 'running shops – what he did with our thing was exactly what he did in Sainsburys', where he was known for making unannounced visits to stores, either parking his car at the store as if he were an ordinary member of the public or leaving it some distance away and walking. A respondent reported that when he made such visits:

From the time he approached the store, he was thinking 'if I was a customer'. I know that . . . what he was looking at was how many people were standing at the checkout . . . when you first walk into the store what were the first things that hit you between the eyes, did you feel this is a place that is clean and bright and tidy, do you feel comfortable in it?

Those whom he visited remembered him as 'very sharp', 'focused' and 'well-prepared' with the result that one respondent, with long experience of official visits, described himself as feeling 'most rigorously questioned' after it. Respondents were surprised at Griffiths' ease with service users; 'given his background, you wouldn't necessarily expect that he would easily relate to people who were clearly . . . seriously mentally ill'. In addition to this direct learning from visits, he appears to have used his advisory group to test out ideas and possible approaches. Again, his approach was personal and distinctive. Especially at the beginning, meetings were conducted with a high degree of formality:

We would all assemble and at the appointed time the door would open and in would walk Roy Griffiths with his civil servants and he would sit down and he would work through the agenda as if it was a business meeting. At the end . . . he would stand up and walk out . . . he put the issues on the agenda . . . he asked the advisory group to comment on these issues and he was inscrutable so you had no idea whether or not what you had said was regarded as being helpful or regarded as being

totally irrelevant . . . in a way that was clever . . . he handled it in a way that the members of the advisory group could never think 'if I say this, this will chime in with his thinking' because you didn't know what his thinking was . . . he would move on after fifteen minutes on a issue . . . he would just say 'well that's been extraordinarily helpful, now let's move on'.

This way of proceeding was seen to reflect Griffiths' private nature and style. He was a good listener, gave away little about his private views and spoke relatively little unless he felt it was important to speak. Although he had more personal contact with some members of the group (some of whom accompanied him on his visits) than others, he never directly discussed the conclusions or recommendations of his report with the advisory group as a whole. At one stage, they were given an hour to look at a draft of the report in a closed room. On another occasion they were handed an outline of the conclusions and asked if there were any additions that might be made. In both cases, they were required to leave the papers behind and did not know what the main conclusion was going to be until very close to the report's being submitted to the secretary of state. Only with hindsight did it become clear that he had tested out ideas (such as the question of client choice) with the group as his thinking had evolved.

## CONTENT OF THE REPORT

The report was highly focused and wasted few words. Community care was a major area of policy failure for which central government was itself essentially responsible, though he questioned if a policy worthy of the name in fact existed:

At the [political] centre community care has been talked of for thirty years and in few areas can the gap between political rhetoric and policy on the one hand, or between policy and reality in the field on the other hand, have been so great (Griffiths 1988, para. 9).

The absence [of financial information and accounting] processes at national level is inconsistent with any claim that there are serious national policy objectives to be achieved (para. 5.7).

While noting that his remit excluded consideration of the level of funding and directed him, instead, to focus on the cost-effective management of existing resources, he nonetheless argued that it was 'self-evident that resources must be consistent with the agreed responsibilities and objectives to be achieved within a given time scale' (para. 5.6). He hinted at his views on the issue of resource adequacy by recording that 'many social services departments and voluntary groups grappling with the problems at local level certainly felt that the Israelites faced with the requirements to make bricks without straw had a comparatively routine and possible task' (para. 7).

Against this background, Griffiths concentrated on management change, establishing as his key principles the need to match responsibilities with appropriate resources, and the need to ensure accountability for performance within specified time scales. As he wryly observed, 'nothing could be more radical in the public sector than to insist on such an approach' and the last thing required was administrative re-organization which 'creates turmoil under a semblance of action' (para. 20). Consequently, he proposed a three-tiered framework of responsibilities and accountabilities stretching from the user of services to ministers (Wistow and Henwood 1988). First, at the level of individuals and their carers, he recommended the appointment of care managers to ensure that service delivery was co-ordinated and responsive to individual needs. Second, he recommended that responsibility at the local level should remain where it currently lay and consequently that local authorities should take the lead role in community care because they were 'best placed to assess local needs, set local priorities and monitor performance' (para. 5.27). This vote of confidence in local government was accompanied by a major recasting of their role as 'designers, organisers and purchasers of non-health care services, and not primarily as direct providers, making the maximum possible use of voluntary and private sector bodies to widen consumer choice, stimulate innovation and encourage efficiency' (para. 1.3.4).

Finally, he recommended the appointment at national level of a minister of state in the DHSS who would be 'seen by the public as being clearly responsible for community care' (para. 1.2). This role would include publication of 'a clear, short statement of government's community care objectives and priorities' (para. 1.2.1); arranging the distribution of central government funds to social services authorities (para. 6.20); and being 'responsible for ensuring that national policy objectives were consistent with the resources available to public authorities charged with meeting them and for monitoring progress towards their achievement' (para. 6.21). Funding for local authorities was to be through a ring-fenced specific grant, payment of which would be conditional upon the approval of local authority community care plans demonstrating, *inter alia*, that adequate planning and management systems were in place and that 'local objectives are sufficiently in line with government policy' (para. 1.5.3).

## RESPONSE TO THE REPORT

The response to Griffiths II was in sharp contrast to the immediate and positive way in which ministers had embraced at least some aspects of his NHS review. Publication was delayed by three months and the report appeared in March 1988 the day after the Budget in what Griffiths himself believed was an attempt to distract attention from it (Timmins 1995, p. 473; Smith and Young 1996, p. 131). He was then recovering from cardiac surgery and unable to contribute to its launch and discussion. Moreover, ministers published the report merely 'for consultation', accompanied by a

statement that the government would consider its contents and 'bring forward its own proposals in due course'. A further fifteen months were to elapse, during which a wide range of alternatives was explored, before the Cabinet agreed that Griffiths' proposals should be accepted, albeit with some important modifications.

This response raises two questions: first, what aspects of the report were so difficult for the government to accept; second, given his close relationships with the politicians, how could Griffiths have got it so wrong? The most obvious aspect of the report's unacceptability was its recommendation that local authorities should have the lead responsibility for community care and receive additional funds, transferred from the national social security budget. This central recommendation was based upon three considerations: first, Griffiths' conclusion that the division of responsibilities between local authorities and social security for the funding of domiciliary and residential care respectively, was a 'particularly pernicious split' (Griffiths 1988, para. 4.21) which should be eliminated by the creation of a unified local community care budget; second, that the NHS was insufficiently local and, in any case, at that time the subject of a separate review; third, if local responsibility was to lie with some agency separate both from health and local authorities, a new agency would be required. Thus, Griffiths asked himself 'why invent something different when we have got something there already?' Moreover, it appears that during the course of his inquiry, if not in advance of it, 'he came to think that local government was an essential part of democracy. It was about checks and balances. It was about helping people identify with policy decisions and the allocation of resources.'

Alongside the political difficulties created by the proposal to transfer resources and responsibilities to local government, the report's recommendations on the role of central government were problematic. Griffiths was proposing that central government should be more transparent in the setting of its objectives, priorities and levels of funding required to secure them. The release of monies to local government would depend on the centre approving local plans, thereby sharing responsibility for their feasibility and implementation. All these features were intended to imply much more explicit accountability processes at central government level. This process of publicly identifying the costs attached to the achievement of specific targets threatened to create hostages to political fortune. In seeking to make explicit the interdependence of central and local responsibilities, Griffiths was innocent of a politics in which 'some degree of ambiguity and confusion is functional for governments of all political hues and the political barriers to introducing rationally managed systems should not be underestimated' (Wistow and Henwood 1988, p. 7; see also Pollitt and Harrison 1994, p. 4). The fact that the principal changes made by ministers when they eventually accepted Griffiths' proposals were to weaken the accountability of central government and the transparency of national funding

arrangements are consistent with this argument. In addition, a senior official suggested that someone like Griffiths who had run 'an enormous business' was bound to experience 'an element of incredulity' about the way in which political processes operated:

He would harbour within himself the conviction that ... there was a rational, planned, logical approach to the problems ... he believed that inside himself. If he hadn't believed it, he wouldn't have done what he did. He was dealing with a much messier world than he could really take on.

Nonetheless, he was undoubtedly aware that a lead role for local government would not be easy for ministers to accept. His handling of this issue is not entirely clear. According to Timmins (1995, p. 473), Griffiths saw the new secretary of state, John Moore, to establish whether the local authority lead role would be acceptable. Moore told Timmins that 'he was not sure he was really asked that question' whereas Griffiths' version was that he certainly had done so: 'there would be no point in producing a solution that would be ruled out of court, he argued'. However, Timmins also quotes a senior civil servant:

Roy can be very allusive. If he did say 'are local authorities acceptable?' he may not have said it clearly enough. If he did say it clearly enough, John Moore didn't understand him. Whatever happened, when the report came he was beside himself. He knew she [Mrs Thatcher] wouldn't want it.

Our sources gave slightly different emphases. When asked how closely Griffiths talked to politicians or departmental officials about options for his recommendations, a senior official replied:

Well I don't know that he talked a great deal to either politicians or the department about what he would come up with. I regarded him as his own man, who did things his way and that would be it. He would consult widely in the course of forming his conclusions but he would form them and that would be that.

However, the same official accepted that, having formed his views and in advance of submitting the report, he 'might do some softening up of significant people. I don't doubt that he was ... a very skilled informal operator when it came to preparing people for what he was going to say ...'

Another insider recorded that Griffiths had showed a small number of senior officials in the department each of the drafts as he went along and confirmed that he also had a meeting with the secretary of state. Perhaps significantly, this encounter was described in the following terms:

And without showing Moore the report, he actually shared with him what his thinking was. In effect I think he was saying to Moore 'this is

what I have in mind recommending: does any of that cause you any concern or do you think it would cause the government concern?’

This respondent concluded his account by saying that ‘I recall him saying to me that he had had a useful meeting and that he had got a green light’. The same interviewee also pointed to Griffiths’ continuing relationship with the Prime Minister:

I know that he had several meetings with Mrs Thatcher on managing the health service. I would be surprised if he didn’t take the opportunity to share of his early thinking with her and I have no doubt whatsoever that he got Moore’s blessing for what was a critical issue about giving the lead role to local government.

In this observer’s view it was less that there had been a misunderstanding between ministers and Griffiths but that ‘something changed’ between Griffiths checking out his proposals with the former and the submission of his report. And Moore himself had been ill during the winter of 1987, which may have contributed to any misunderstandings.

Whatever the case, once ministers received the report, their reaction was hostile. A senior official summarized the atmosphere at the time in the following terms:

These were the very local [authorities] ministers had been castigating for years as inept, incompetent, profligate and there was good old Roy coming along and suggesting that a couple of billion quid of social security money should be made over to them. I think there was mild consternation, or rather a lot more than mild consternation in a lot of quarters about this.

The same source also suggested that social security officials were hostile to the idea of transferring resources out of their budget into local government. Griffiths himself was subsequently to record that ‘quite a few members of the Cabinet had been blooded in the inner cities by authorities who were playing politics. There was confrontation on both sides . . . [Ministers] accepted the analysis, but they didn’t like the allocation of responsibilities’ (May 1993, p. 27). Among the latter was Kenneth Clarke who became Secretary of State for Health in July 1988 after having served for a period as Inner Cities Minister.

In the period between the receipt of Griffiths’ report in February 1988 and Clarke’s appointment, an interdepartmental committee of officials had been charged with considering the report and advising on its implementation. In addition to representatives from the DHSS (which was divided into its two constituent parts in July 1988), the committee included officials from the Treasury and the Department of the Environment. An insider described the committee as taking the report ‘. . . to bits and pieces and putting it together again, dreaming up options and alternatives for our masters and mistresses.’

The same individual recorded that the group:

... looked at what other options that a mortal mind can fantasize about and they actually didn't look as good as Griffiths. We thought about a new community care authority ... the integration of primary health care services with the adult services of local authorities. ... We looked at giving it to the health service ... we put that right out of court. They had enough troubles of their own without landing this burden on them. We thought about splitting social services responsibilities – the adults floating off into a new community care agency and the children going to education departments ... You can see we were getting fairly way out on this. We inevitably came back to the Griffiths solution as being the best option.

Griffiths' proposals were not entirely without their ministerial supporters. David Mellor argued for them and they received what, at first sight, appears an unlikely endorsement from Nicholas Ridley, then Secretary of State for the Environment (Timmins 1995, p. 474). Though hostile to the traditional role and form of local government, he had published a pamphlet entitled *The Local Right* (Ridley 1988) about the time the report reached ministers. Subtitled *Enabling not Providing*, it effectively echoed Griffiths' concept of social services authorities as purchasers rather than providers whose role was to stimulate supply and competition among voluntary and private sector providers. However, Clarke remained an implacable obstacle: he '... hated local government and the last thing he was going to advocate was handing [community care] over to it.' He would have preferred the NHS to take on the lead role for purchasing community care but he became convinced that it would not be feasible to add such responsibilities to its huge change agenda following on from the NHS Review, whose results were published in January 1989 (Secretaries of State 1989) and which subsequently led to the purchaser/provider split. According to Timmins (1995, p. 474), he and John Major (then Chancellor of the Exchequer) attempted what Clarke later admitted to be a 'ding-bat solution' under which applicants for social security payments would be subject to a medical and social work test of their needs. Officials were therefore understandably pessimistic about the possibility of Griffiths' recommendations ever being accepted; one noted that he '... couldn't conceive the Griffiths' recommendations being carried when the secretary of state who had got to carry them was deeply opposed to them'.

It was at this point that Griffiths appears to have made a decisive contribution to the outcome through his access to the Prime Minister. He had been in the department and Downing Street contributing to the review that led to the establishment of the NHS internal market based on principles remarkably like those which were embryonically outlined in his community care report. One observer described him as '... still talking to people when he had the opportunity, flogging his wares'. Another suggested that he

concentrated on the Prime Minister using his NHS experience '... to talk to her about community care. My guess is that he focused very much on Mrs Thatcher.'

According to Timmins, Clarke had got close enough to getting his 'dingbat' solution accepted by the summer of 1989 for him to persuade the Prime Minister that she should tell Griffiths his solution was being rejected. However,

... at virtually the same moment, Griffiths on his own initiative, had put in a paper arguing that the Clarke/Major plan would not work. It did not address a problem that went far wider than the Social Security budget ... and it underestimated the seriousness of the crisis affecting the mentally ill, the elderly and the handicapped (1995, p. 476).

Timmins recalls that, when Griffiths was invited to meet Mrs Thatcher, his half an hour with her became an hour and a quarter as 'he went through all the arguments again' (1985, pp. 476-7). Nonetheless, he was subsequently to tell Timmins 'I didn't think I had persuaded her, although I had answered all her questions'. An insider suggested that at least one line of argument he advanced with the Prime Minister was to suggest that '... you think there are problems in the health service on ministers' desks ... you don't realize what a safe harbour I am offering you by giving you the defence of ... failures in local government and not central government.'

The same informant also argued that Griffiths had seen the growth of social security spending as

an important safety valve in the system and, I think, that he must have said to her 'you block off the safety valve and pressure will build and I can't tell you [to what degree] ... but it will certainly build and I think you ought to seriously distance yourself and distance the government from all of this' ... and my view is, and this is only a guess, that he worked on her and she became convinced ... not that she liked local government but because she thought in the interest of the [central] government it was a sensible conclusion.

Griffiths recorded that after this meeting, the Prime Minister reviewed the documents again and went into a cabinet committee, waved the report and asked if there were good reasons not to implement it. They all stared back at her; 'most of them thought *she* was the good reason' (May 1993, p. 27; Timmins 1995, p. 477). Thereafter progress was rapid. The cabinet committee accepted that 'the local authority option was the least bad choice, offering the best opportunity of making progress'.

## THE OUTCOME

The secretary of state made an announcement in Parliament on 12 July accepting the broad thrust of Griffiths' recommendations (Clarke 1989). A White Paper was published in November and the necessary legislative



changes secured through the passage of the NHS and Community Care Act in June 1990. Even then, the enactment of Griffiths' proposals proved far from secure; within a month the full implementation of the Act had been put back from April 1991 to April 1993 and continued to remain in doubt up to the late summer of 1992. As a senior civil servant subsequently acknowledged, the 'policy was not secure until it was implemented.'

It is a reflection of the robustness and underlying logic of Griffiths' work on community care that it withstood repeated challenges from the highest levels of government and has been implemented to a significant degree. The claim that the government's response was '80 per cent Griffiths' was accepted by Griffiths as 'a fair enough assessment' (*Insight* 1989, p. 10). The missing 20 per cent concerned finance and the role of central government. The link between the approval of local community care plans and the allocation of resources was not accepted and resources were to be allocated through the revenue support grant rather than through a ring-fenced, specific grant (Wistow and Henwood 1991, p. 81).

The result of the changes was to distance central government from local implementation outcomes since it would no longer be possible to argue that it had endorsed local plans in authorities where implementation proved to be problematic, an important safeguard for those ministers who were still concerned about the minority of left-wing authorities. By transferring resources into the general pool of local authority resources, the volume of community care funding would be less transparent and it would still be possible for ministers to argue that resource inadequacies were due to authorities allocating funds according to their own view of local priorities rather than because the volume of funds was insufficient. If, as one of our respondents indicated, Griffiths had come to argue that the local authority option should be adopted because it provided a mechanism of distancing ministers from implementation, the package of measures announced by Kenneth Clarke was consistent with such a view, especially compared with the explicit framework of accountabilities proposed by Griffiths initially. If so, Griffiths was accepting some degree of dilution as the price for acceptance of its essential elements. As he acknowledged publicly, his argument for ring-fencing resources within a specific grant was part of a control mechanism: 'But the government was satisfied it could exercise enough control over the local authorities without it and he had accepted this' (*Insight* 1989, p. 10). Elsewhere, he was to describe the government's proposals as a 'three-wheel' version of the 'four-wheel vehicle' he had proposed (Griffiths 1989).

Though subjected to a further prime ministerial review in the summer of 1992 (Brown 1992), the form in which Griffiths' proposals were ultimately implemented was closer to the four-wheel vehicle which he had designed. The resources transferred from the social security budget were in the form of a specific grant for an initial period of twelve months before being absorbed into the general revenue support grant. Whilst the linkage

between the approval of community care plans and resource allocation was not reinstated, eligibility for receipt of the social security transfer depended upon local authorities submitting a signed agreement with relevant health authorities to the effect that they had acceptable joint plans for hospital discharge and the purchase of nursing home places. These two provisions (announced as late as October 1992), and even more particularly the ultimate implementation of the Griffiths proposals in the face of sustained resistance at the highest political levels, can be seen as indicators of the inescapable logic of his proposals and a reflection of his influence, his personal qualities and way of working. An insider suggested that

He attached an immense amount of importance to logic. I think he thought that his report posed the problem and produced a logical solution . . . I don't think he believed it was the only solution but he thought it was the best solution and at least it had logic on its side. You could almost feel him thinking, 'if people don't accept this report it is because they are not approaching the subject logically'.

Another official saw these same qualities as having an inherent limitation: 'I think with rational people he was pretty successful, but with those who had got ideological convictions that cut across that or blind spots or levels of ignorance or incompetence, it wasn't going to work'.

Given the background of antipathy to local government, and especially with that antipathy being particularly pronounced on the part of the relevant secretary of state, it is improbable that the same set of proposals would have been made by anyone who did not have Griffiths' independence of view and confidence in his own judgement. Equally, it seems no less improbable that anyone else on the 'inside track' could have persuaded the Prime Minister and her colleagues to accept proposals which were so contrary to the broad thrust of everything they had attempted in the field of local government. Despite the anticipation of serious difficulties in implementing the government's final proposals, they have been successfully put into effect (Audit Commission 1994, 1995; Wistow 1995; Department of Health 1994, 1995).

### CONCLUSION: THE GRIFFITHS EFFECT?

It seems clear that Griffiths made an individual contribution to the formulation and implementation of health and community care policy which significantly affected the outcome. Put in terms of the appropriate counterfactuals, it is unlikely that without Griffiths' personal contribution the policy processes described above would have had different outcomes. In respect of Griffiths I, it seems clear that had he not insisted on modified terms of reference, a more narrowly focused 'manpower' inquiry would have resulted. In respect of both reports, it is plausible to argue that most sophisticated potential leaders of government inquiries would have recognized the political implications of and steered well away from the radical sol-

utions which Griffiths actually proposed. Moreover, the recommendations of both reports were eventually implemented despite considerable opposition from a range of quarters. It seems to us that Griffiths' success rested both on a number of personal characteristics and operating preferences of the man, and on features of the contemporary health care context which made it receptive to Griffiths' ideas.

Griffiths' own account of his motivations espoused three central values. One was the desirability of seeing things from the consumer's point of view. Another was a belief in both the power of individual managers to change things and in the legitimacy of the managerial contribution to organizations; 'the manager's contribution to efficiency is just as important as what a doctor does'. The remaining value was that analysis and enquiry, whilst important, should be finite and that action should follow; 'if too much time is allowed for expression, people sabotage things, and anyway, research is rarely conclusive. . . .' Whilst, of course, the values which an individual espouses may not be manifest in his or her behaviour, the above account is highly consonant with Griffiths' espoused views.

From an outside observer's point of view, the first obvious characteristic of Griffiths' approach was an apparent political naiveté. Our respondents felt that this was genuine rather than cultivated, and both they and Timmins (1996, p. 408) referred to a genuine commitment to the NHS, born of social origins, and a belief that an NHS which could show itself to be efficient could legitimately claim additional government resources. A second characteristic was considerable skill in networking, which may well have been a decisive factor in securing government acceptance of controversial recommendations.

Third, Griffiths had strong *a priori* views about how organizations ought to be managed. These were that managers should focus on what the service looked like from the client or customer's point of view, and a fairly simple-minded belief in rationality (perhaps the product of legal training) which, from an academic perspective, is both a strength and a weakness. Thus, in Griffiths II, hard logic questioned the need to create a new social services agency when local authorities already existed, but in Griffiths I it can be seen as having led to a questionable assumption that the absence of a chief executive was a *cause* rather than a consequence of the relative power of the professions (Harrison and Pollitt 1994, p. 43). Fourth, Griffiths had a capacity to inspire individuals. An indifferent public speaker but capable of devastatingly critical written prose (the 'Florence Nightingale' and 'Israelites' remarks quoted above from Griffiths I and II respectively are classic examples of his mastery of the brutal understatement), he was able to convince those with whom he spent time face-to-face (ranging from Mrs Thatcher to a senior civil servant to the consultants encountered during hospital visits) of his essential wisdom, though as the reaction of the BMA to Griffiths I showed, convincing individuals did not necessarily change the stance of an institution.

Griffiths' own status was different in the two inquiries; in the first, he was an unknown quantity in Whitehall, giving rise to a certain degree of apprehension about what he might conclude, whilst in the second he was an insider. Yet it does not seem possible to identify any obvious process of learning by Griffiths over the period that we have examined. By this we mean that his personal assumptions (described above) and his basic method of work remained unchanged: the importance of field visits in forming an impression of the problem, and the practice of consulting without revealing his own thoughts (see also Smith and Young 1996, pp. 133–4). Griffiths does not fit easily into analytical literature on policy entrepreneurs. Though it is not unreasonable to think of his core assumptions and *modus operandi* as constituting an implicit line of policy, he was not someone with a pre-constructed policy to market to decision makers (Kingdon 1984). Nor, despite his obvious generalist managerial attributes and his formal 'outsider' status, does he precisely fit Marmor and Fellman's (1986, pp. 227–8) 'generalist manager/in-and-outer' category.

Griffiths' achievements cannot be examined apart from their political, economic and social context. Neither general management nor the idea that some form of enhanced organizational co-ordination was necessary to prevent patients/clients falling foul of the boundaries between organizations and services were new. Space does not permit us fully to deal in this article with how these old ideas achieved, apparently at Griffiths' hand, the status of ones whose time had come (for such an account, see Harrison and Wistow forthcoming). However, it may be noted only Griffiths I fits Kingdon's (1984) explanatory model of how such matters occur in policy making. This model posits the largely independent co-existence of three 'streams' of processes. First is the currently prevailing general political ideology; second are particular problems perceived by policy makers to be currently pressing; third are potential policies, often being developed in academic or other locations outside government. Kingdon's central point is that only when the three streams are in some way joined does the policy have a chance of adoption by government. Griffiths I fits fairly easily into this scheme (Harrison 1994, pp. 133–7); there was a financial crisis to which policies aimed at improving the efficiency of public services were a logical alternative once more radical alternatives had been abandoned, and notions of having one person 'in charge' clearly accorded with the ideological cast of the Thatcher governments. This is not so of Griffiths II; though there was certainly some pragmatic appeal, on grounds of what Klein (1983, p. 140) calls blame diffusion, in handing much of the task of community care to local authorities, such a solution was well outside the government's ideological predilections. This observation merely underlines the importance of Griffiths' own contribution.

## NOTE

1. Our sources include interviews with a range of individuals directly involved in the preparation and/or implementation of the two reports. As well as Griffiths himself, they include members of his NHS inquiry team and community care advisory group, representatives from local organizations visited by Griffiths and senior civil servants. Most interview transcripts were validated by respondents. Wherever possible, interview accounts were triangulated against documentary sources (not all of which were in the public domain) and previously published reports and interviews. Major discrepancies between these sources, and indeed between the various accounts of our own respondents were rare, and we have drawn attention to these where they occur. This does not of course imply that they all *evaluated* Griffiths' work in the same way. All unattributed quotations are taken from interview transcripts.

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# **SHIFTING AGENDAS, CHANGING REGULATORY STRUCTURES AND THE 'NEW' POLITICS OF ENVIRONMENTAL POLLUTION: BRITISH COASTAL WATER POLICY, 1955–1995**

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ANDREW JORDAN AND JOHN GREENAWAY

Policies in areas or subsystems which are dominated by well-established policy communities tend to stability. However, policies that have firm political support and a solid ideological underpinning are occasionally subject to marked and wholesale shifts which then stabilize around a new equilibrium position. This article examines one such discontinuity in policy: British coastal water policy between the 1950s and the 1990s. Once the concern of engineers and local authority interests, the question of how to deal with the sewage generated by coastal communities is now deeply contested between a wide variety of different actors including environmental groups and European authorities. What was once a relatively well-managed, professionalized policy community has become unstable as new ideas and domestic regulatory structures have forced the government to justify principles and practices that were implicit or simply rhetorical. This empirical example of what Weale has termed the 'new' politics of pollution, is tested against models of social learning developed by Paul Sabatier and Peter Hall, both of which lay great stress on the importance of changing ideas and beliefs as the main 'motor' of policy change.

## **POLICY STABILITY AND RADICAL UPHEAVALS**

Why do relatively stable policies in areas or subsystems dominated by well-established policy communities undergo relatively rapid and convulsive periods of change? Periodically, policies that appear to have firm institutional support and a solid ideological underpinning are subject to marked and wholesale shifts. Classic theories of pluralism suggest that change occurs slowly, incrementally and cautiously. Policy makers are said to 'muddle through' problems by making slight adjustments to existing settlements. More recently, policy networks have emerged as the preferred tool for examining the workings of public administration in Britain. The policy network idea is based on the observation that policy making is *sectorized*: most non-controversial issues are dealt with in an incremental manner by a small number of actors grouped around particular government depart-

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ments. As Rhodes (1997) points out, these networks serve to structure the policy process by setting the rules of the game, limiting participation and according certain interests privileged positions. According to the most widely accepted typology, a policy community is regarded as a strongly institutionalized type of policy network. Within such communities there is a shared ideology or an 'acceptance or dominance of an effectively unified view of the world' (Dunleavy 1981, p. 7). Participants interact frequently, share resources and consciously and unconsciously exclude other groups.

Network theory was originally developed to explain policy stability rather than change. This partly reflects its intellectual origins in the neo-corporatist literature of the 1970s. Yet the history of recent policy making is replete with examples of the break-up of well-developed policy areas dominated by industrial actors, professional élites and bureaucrats, culminating in a period of policy instability. One may trace this process in areas as diverse as transport (Dudley and Richardson 1995), agriculture (Smith 1989; Coleman *et al.* 1997), pesticide pollution (Bosso 1988), food safety (Smith 1991), nuclear power (Baumgartner and Jones 1991) and smoking (Fritschler 1989). Beck (1996), for example, talks of a 'reinvention' of politics in the 1990s and McLennan (1995) a 'new pluralism'. In this connection, Albert Weale (1992, pp. 28–30) argues persuasively that the expansion and diversification of such established policy communities is one of the defining features of the 'new' environmental politics that began to engulf Western political systems in the late 1980s.

In explaining such radical changes we must consider not only particular administrative and political forces but also the role played by shifts in ideas, or rather the intellectual *raison d'être* by which policy patterns are justified; for what occurs over time may be the replacement of one intellectual framework or policy paradigm by another. This article explores the external and internal agents of policy change over a forty-year period, using a case study of coastal water protection in Britain, a policy area which underwent radical changes. Our aim is to relate these policy changes to shifts in the policy paradigms and to use the case study to illuminate some of the theories of long-term policy change. In particular, theories of social or 'policy oriented learning' (POL) are particularly apposite and interesting because they seek to stress the critical importance of ideological factors, discourse, rational argument and belief systems in bringing about policy change (which political scientists have tended to fight shy of), whilst at the same time taking cognisance of the interplay and importance of particular political forces and bureaucratic interests (which sociological theorists have always downplayed). Such models conceive of policy in terms not of stages or institutions, but of learning and networks or subsystems of interaction. Before presenting the case study we will briefly summarize some models of long-term policy change and discuss their relationship to network theory.



## THEORIZING POLICY CHANGE

Smith (1993), and Marsh and Rhodes (1992) have all explored the internal and external agents of change to established policy networks, but at a fairly general level. These include: changes in international relations; wider economic and social developments; autonomous actions by the state or political leaders; and the birth of new technologies. The essence of their argument is that the dialectic between external factors and the bonds between members produce internal divisions over policy responses that destabilize policy communities. What is currently missing in network accounts of change is an adequate account of the dialectic between external events and the network's understanding of them. Martin Smith (1993, p. 87) argues persuasively that the effect of external change is likely to be greater when there is a looser issue network. He is particularly interested in the mechanisms that protect policy communities from external interference. Change, when it comes, is more likely to occur at the ideological level 'in the sets of beliefs that protect the agenda by excluding those who do not share the dominant beliefs from the community' (Smith 1989). He argues that ideologies are simultaneously the most powerful mechanism of exclusion in policy communities and also the most vulnerable to attack. This is because, following Kuhn, ideologies have to reflect and explain 'reality' and, when they no longer do so, they are less likely to be believed: policy communities begin to unravel at this point (Smith 1989, p. 162). Dunleavy (1981, p. 3) too, has pointed out how, in addition to more obvious political activities, those wishing to recast policy decisions must win the battle of ideas by demonstrating a shift in the 'intellectual technology' of a policy area.

There are particularly clear links between recent developments in network theory (Daugbjerg 1997) and the work of theorists of social or policy learning. Essentially such theorists regard policy change first and foremost as a cognitive struggle between different groups to improve their technical understanding of policy problems or solutions in response to past experience and new information: the ultimate aim being to get their preferred ideas or beliefs reflected in public policy programmes (Hall 1993, p. 278). The key point being made is that 'in a world of scarce resources, those who do not learn are at a competitive disadvantage in realising their goals' (Sabatier 1987, p. 675). According to Weale (1992, p. 29), those that can demonstrate technical competence stand a much greater chance of being admitted into the institutional realms – the policy networks – where policy is determined.

In a study of the transition from Keynesianism to monetarism, Peter Hall (1993, p. 292) argues that policy making in almost all policy sectors takes place within the context of a particular set of ideas 'that recognize some social interests as more legitimate than others and privilege some lines of policy over others.' At any point in time, one set of ideas – an ideology in Smith's terms – prevails. This is a policy paradigm which he defines as 'a

framework of ideas and standards that specifies not only the goals of policy and the kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing.' Paradigms set the parameters within which problems are identified and solutions devised. Hall likens them to a 'prism' through which policy makers see the world (Hall, p. 279). They dominate a policy community structurally, by framing its internal assumptions, policy agenda and internal discourse. Following Kuhn (1970, pp. 163–4), they free community members from the need constantly to re-examine first principles, allowing them to concentrate 'exclusively upon the subtext and most esoteric of the phenomena that concern [them].' Significantly, Hall suggests that paradigms and wider structures are mutually supportive: institutional structures are designed to implement paradigms, and in turn reinforce them.

Hall maintains that conventional views of policy learning place undue emphasis on how policy changes are related to previous policies where the chief participants are experts or officials in a particular field. Taking as his example the transformation of British economic policy making during the 1980s, he argues that it is necessary to distinguish policy learning in operation at three distinct levels:

- The precise settings or calibrations of policy instruments (first order);
- The particular techniques or policy tools employed to provide policy solutions (second order);
- The overarching goals which guide policy making (third order).

Shifts in the first two levels occur regularly and incrementally and are associated with 'normal' policy making. Under these conditions, responses to changing environmental circumstances are selected from established repertoires. Hecló (1974, p. 315), for instance, suggests that civil servants find standard operating procedures reassuring when the world around them is constantly changing. Similarly, Jervis (1976, p. 143) says they 'fit incoming information into pre-existing beliefs' and 'ignore' or 'twist' information which does not fit. A paradigm shift of seismic proportions is required to knock them from well-trodden paths, altering the underlying goals of a policy area (third order change). Such shifts take place periodically as new problems emerge, and anomalous or 'unexplainable' events begin to accumulate. A paradigm breaks down when 'facts' fail to sustain its central propositions. Faced with new challenges that are not fully comprehensible with the terms of the existing paradigm, policy makers begin searching for alternative explanations and turn to new sources of advice. The widening debate eventually spills over from the narrow confines of the policy community into the public sphere, drawing in a much broader array of pressure groups, journalists, intellectuals and academic analysts, who compete to alter the prevailing policy discourse. Policy learning thus takes place at all three different levels; but crucially, first and second order changes do not automatically result in third order change, which is only brought about by

evolving societal debate and reflection – social learning – regarding the overall direction of policy. Over time, supporters of the new paradigm become entrenched in bureaucratic structures and alter standard operating procedures to reflect their ideas. Crucially, paradigm shifts can never be partial because paradigms are ‘never fully commensurable’; each possesses its unique account of how the world operates. In the language of policy network theory, the whole process is analogous to the dissolution of a tightly knit policy community and its reformulation along new lines (Hall, 1993, p. 280).

Paul Sabatier’s Advocacy Coalition Framework (ACF) has many points of similarity. The policy process is conceived in terms of discrete *subsystems*. Within each of these will be found advocacy coalitions (ACs) made up of collections of disparate actors: these are drawn from a range of organizations and play various roles. What unites these ACs is a set of core beliefs or values. These beliefs are organized in hierarchical, tripartite layers. Deep core beliefs refer to ‘fundamental normative and ontological axioms’ which define an individual’s basic philosophy and are immune to empirical challenges. Near (policy) core beliefs relate to fundamental value priorities surrounding the policy area, such as perceptions of causation and strategies for realizing deep core values. Finally, there is an outer band of secondary elements which relate to the way in which policies should be implemented. The hierarchy is arranged in order of decreasing resistance to change, with secondary elements being the most fluid.

At any one time, there is likely to be a dominant coalition which sets the intellectual framework – or paradigm in Hall’s terms – within which minor or individual policy decisions are made, and a series of minority coalitions. Sabatier sees the struggle between these coalitions as providing the motor of policy change. For ACs, learning is an *instrumental* process: far from a disinterested search for truth, it is a means of achieving a priori beliefs. Policy brokers, namely civil servants, the courts and elected officials, try to adjudicate between rival claims and strategies, achieve feasible compromises, and, in the best traditions of American pluralism, keep the level of conflict down to a reasonable level. ACs seek to turn their beliefs into policies by ‘outlearning’ their adversaries in the wider struggle to keep abreast of events and in tune with changes to the parameters of the subsystem (Sabatier 1988; Sabatier 1993).

Sabatier does not suggest that POL between ACs is the only force determining policy change. There are also exogenous factors or parameters which affect the policy subsystem in more radical ways. These include relatively stable factors (for example basic attributes of the problem in question, the distribution of natural resources, cultural values in society and the constitutional framework); and more variable ones (for example shifts in public opinion, changes of government, economic fluctuations or impacts from other policy subsystems). While changes at the secondary level emerge incrementally as different coalitions engage in a cognitive process of POL,

changes in the core aspects of policy require an exogenous 'shock' outside the subsystem. Such 'shocks' challenge all the ACs's understanding of reality. The dominant AC must respond to, or better still anticipate, them in a manner consistent with its beliefs to retain its position. While minority coalitions can hope to have some of their beliefs incorporated in policy by outlearning their adversaries, to achieve substantial change they must play a waiting game until an exogenous shock significantly increases their political resources.

There are some important differences between the models we have briefly outlined. Smith and, to a lesser extent, Hall see policy developing in fairly small groupings of actors, which exclude interested but undesirable third parties by structural means. These mechanisms of exclusion are important because they leave an imprint on policy outputs. Sabatier on the other hand emphasizes agency over structure in presenting a more pluralistic view of the policy process, albeit dominated by professional experts (Sabatier and Jenkins-Smith 1993, p. 223). Significantly, his model has been more commonly applied in American contexts than in Britain, where there is much less openness and the state has greater autonomy. Whereas Smith and Hall accept that under certain circumstances the state may enjoy some autonomy, Sabatier (1993, p. 37) considers it 'highly dubious.' In contrast, Hall (1993, p. 291) argues that policy paradigms are more prevalent in countries with unusually closed and hierarchic state structures such as Britain. The ACF is more elaborate and contains testable hypotheses, whereas Hall's account is more discursive. Finally, Sabatier is happy to restrict the notion of learning to a fairly technical process of considering the means of policy; more profound alterations arise because of external events. In contrast, Hall extends the notion of learning to alterations to both the means *and* ends of policy. It is debatable, though, whether the wide-ranging societal debate which attends third order shifts is 'social learning' on the definition he provides, a '*deliberate* attempt to adjust the goals or techniques of policy in response to past experience and new information' (emphasis added) (Hall 1993, p. 278).

Nevertheless, there are important similarities. The coalitions and networks help *stabilize* the policy process. Like network theory, the endogenous motor of change within both is the ongoing dialectic between explanations and understanding of reality on the one hand, and changing external circumstances on the other. For Sabatier, this manifests itself in the battle between ACs, whereas for Hall and Smith it is reflected in the conflict between rival paradigms. They all agree that the main independent variables explaining policy change are exogenous, although Sabatier and Smith specify them much more precisely than Hall. They all explore the often neglected role of beliefs, ideas and ideologies, but also embrace bureaucratic and political forces to develop a comprehensive view of policy change, Hall and Sabatier both adopting a threefold hierarchy ranging from periphery to core. Finally, both Hall (1993, pp. 277, 291) and Sabatier (1987,

p. 680) argue that policy learning is more pronounced in fairly narrow, technical policy areas dominated by professionals, such as environmental policy.

### THE 'OLD' POLITICS OF COASTAL WATER QUALITY

Traditionally, British environmental policy making has been a gradual, flexible, élitist and pragmatic affair. Successive governments preferred administrative controls, informal guidelines and voluntary agreements with polluters, to fixed, legally enshrined standards (Jordan 1998a). Laws only ever set out the broad goals of policy, leaving the detailed aspects of implementation to front-line professionals, who were thought to be 'close' enough to problems to make the necessary trade-offs between economic and environmental factors. To simplify somewhat, the aim of British policy has traditionally been to *optimize* pollution by making maximum use of the capacity of the environment to assimilate waste, rather than to *minimize* it regardless of the cost. On this particular view, waste only becomes pollution when too much of it is placed in the wrong physical context, resulting in damage. This needs to be contrasted with continental, especially German, notions of precaution, which call for problems to be treated at source and in advance of clear scientific proof of harm (O'Riordan and Jordan 1995).

The 'old' politics of coastal water pollution exemplified many of these features. For a century or more Britain relied upon 'marine treatment' to deal with the wastewater generated by coastal communities, taking advantage of her comparatively long coastline and strong tides. Sewage was commonly piped raw into the sea, where it was thought to degrade naturally, rather than being treated at sewage works. Proponents argued that sea disposal was the best practicable environmental option when weighed against the costs and benefits of land-based treatment, which itself produces a concentrated sludge requiring marine dumping or land disposal. In practice, however, there was neither sufficient money nor political commitment to implement properly a comprehensive policy of dilution and dispersion. Many outfall pipes dated back to the late-Victorian period and were not always well-positioned or designed to modern standards. Consequently, it was common to see raw sewage on beaches at famous holiday resorts. As long ago as the 1890s, there had been anxieties about whether this posed a threat to health. However, a Royal Commission, which kept the matter under review for over fifteen years, saw no hazard to bathers so long as no serious (i.e. visible) deposition occurred on the shoreline. These assumptions about the robustness of coastal waters were reflected in legal and bureaucratic arrangements. Thus, with the exception of discharges of sewage to inland waters, which have traditionally received full (i.e. biological) treatment, there were no national standards; decisions on water quality were made by local officials, relying on visual assessments of beach quality. Before it was reorganized into ten Regional Water Authorities (RWAs) in 1973, the water 'industry' was an agglomeration of local authority organiza-

tions who 'had an interest in disposing of effluent as cheaply as possible and not with re-use in mind' (Jordan *et al.* 1977, p. 318). By the 1970s, Maloney and Richardson (1995, p. 6) claimed that water had become a 'classic example of a professionalized sector of public policy', dominated by a well-established professional policy community.

Various factors began to push the issue of dirty beaches more firmly onto the political agenda in the 1950s and 1960s. The first of these was renewed concern about public health, following several outbreaks of typhoid in the early 1950s. In 1959 an environmental pressure group, the Coastal Anti-Pollution League (CAPL) was formed by Tony Wakefield, whose daughter had died from polio after swimming in the sea. Following a six year investigation, the Public Health Laboratory Service (PHLS) advised the government in the same year that the risk of becoming seriously ill was trivial even on aesthetically unsatisfactory beaches (Medical Research Council 1959). Its Chairman, Brendan Moore, completely rejected the sort of rigid bacteriological standards that were beginning to appear in America and Europe, in favour of informal, visual assessments of pollution (Moore 1975; 1977). But without such standards, the pressure on local authorities, who were also responsible for providing treatment facilities, to address the situation was weak. Not surprisingly, the CAPL found it very difficult to make progress.

In the late 1960s, growing concern for amenity and environmental matters re-focused public attention upon the issue. Increasing pressure of visitors at coastal resorts as well as the growing non-biodegradable content of sewage (condoms, sanitary towels, nappies etc.) had made pollution substantively worse at many resorts. But whereas before c. 1960 public health concerns were paramount, the case for investment began to be couched in different terms. Baroness Stocks epitomized the changing public mood when she declared that: 'man does not live by health alone, but also by decency and aesthetic sensitivity. If a perfectly healthy person were to spit into my cup of tea I should not regard the resulting mixture as poisonous, but I should regard it as disgusting and refuse to drink it' (HL Debs. vol. 282, 26 April 1967, col. 596).

The CAPL, although formed out of concern for public health, latched on to these social shifts and began to push for improvement on aesthetic grounds. However, when Wakefield (1996) pressed the PHLS to reveal the sub-standard beaches it had discovered, he was told that the information was confidential because it might damage the resorts concerned (CAPL 1960, vol. I, 2 February, p. 18). The CAPL therefore decided to publish its own. Between 1960 and 1987, Wakefield produced a home-made Golden List of good beaches based on the returns from a crude postal survey of local authorities.

By the late 1960s, the Labour government was sufficiently concerned to institute a Parliamentary Working Party on Sewage Disposal. This body, chaired by Lena Jeger, set out a strong case for modernization in its report

entitled *Taken for Granted*, declaring that 'anything avoidable which detracts from personal relaxation and individual enjoyment of our incomparable coastline should be eliminated'. However, in no sense did it challenge the prevailing orthodoxy. Although it insisted that discharges be properly regulated, it gave its full blessing to the construction of *longer* sea outfalls as the best policy solution: disinfection, it warned, should only be applied *in extremis*. The standing Royal Commission on Environmental Pollution (RCEP) (RCEP 1984) broadly endorsed this line almost fifteen years later.

In summary, between 1950 and 1980 the issue of coastal water pollution was certainly recognized in Whitehall: a Joint Committee on the Medical Aspects of Water Quality was created in 1976 (Moore 1977), in Parliament (in a debate in the Lords in 1967, the then Labour government vigorously defended existing policy (HL Debs. vol. 282 26-4-67, cols. 603-8)) and, through the efforts of the CAPL, occasionally generated conflict at the local level. But in general, the *status quo* received cross-party support and there was no co-ordinated national response. Public grievances existed but were not introduced into the political system. Nor were the RWAs or their predecessors particularly receptive to criticism. Although some bathing areas were monitored, data were kept within the policy community (Kay 1988). To all intents and purposes sewage policy continued much as it had in the nineteenth century, aside from a few schemes to remedy the most grossly polluted areas.

### THE 1980s: CHANGING AGENDAS AND NEW POLICY PARADIGMS?

In the 1980s, a number of interwoven factors destabilized these arrangements and challenged dominant beliefs, creating a powerful case for greater investment and a reappraisal of scientific understanding.

#### The Europeanization of British water policy

Beginning in the early 1970s, the European Community (EC) began to take a growing interest in the environment. Conflicts soon emerged between Britain and other member states and the Commission about the means and ends of EC water policy. Having no implementing agents of its own, the optimal-contextual approach was regarded by the Commission as too unsystematic in terms of timetables of improvement and burden sharing to serve as a model for the whole Community. In 1975, the Commission published proposals for a Directive on bathing water (OJ C67, 27 March 1975, p. 1). Set against British policy, they were very prescriptive, containing specific parameters, rigid bacteriological standards and deadlines for compliance. Not surprisingly, Britain was extremely suspicious of the proposal and the subsequent debate in the European Parliament revolved entirely around amendments proposed by British MEPs (OJ C128, 9 June 1975, p. 13). The influential House of Lords Select Committee on the European Communities (HOLSCEC) concluded that the proposed standards were 'so

ill-defined as to be virtually unenforceable' (HOLSCEC 1975, p. 5). In a spirited defence of the optimal-contextual approach, Baroness White, a Committee member, declared 'that it is more effective to select the areas most at risk and . . . concentrate one's efforts upon them' (HL Debs., vol. 364, 13 Oct. 1975, col. 725).

This view taken by the government was firmly supported by distinguished experts who questioned whether it was sensible to harmonize standards, when British coastal waters were wholly different (i.e. cooler and better able to assimilate waste) than those in the Mediterranean (Gameson 1979; Evison and Tosti 1980). Nonetheless, Britain chose not to exercise its veto in the Council of Ministers and the Directive was adopted by unanimity. '[T]he idea that British water might not be clean enough to pass tests which would also have to be met by continentals with supposedly dirtier water probably did not occur to the British Government' (Haigh and Lanigan 1995, pp. 22-3). Given this sceptical attitude about the merits of the endeavour, it was scarcely surprising that Britain subsequently identified only 27 waters for the purposes of the Directive: such popular resorts as Brighton, Eastbourne and Blackpool being excluded. The government claimed that it was simply exercising the discretion provided by the law, arguing that the coldness of British waters dissuaded beach-goers from entering the water and physically *bathing*. However, the real reason was to hold down spending by the RWAs at a time of great fiscal restraint. However, this lacklustre approach served only to draw attention to the issue, the other eight member states between them having managed to identify 8,000 waters (see table 1)! Monitoring at the identified waters in 1979 revealed that eight breached EC standards. The Commission felt that Britain had not entered fully into the spirit of the law and commenced formal legal proceedings in 1986 with respect to the beaches at Blackpool and Southport (Geddes 1994).

The Department of the Environment (DoE) sought to convince the Commission that all practicable steps were being taken, first identifying an extra

TABLE 1 *Numbers of 'bathing waters' in each member state 1980*

Member state	Length of coastline (km)	No. of inland waters	No. of coastal waters
Luxembourg	0	39	0
Belgium	66	41	15
Netherlands	850	323	60
West Germany	1,050	85	9
Eire	2,500	0	6
Denmark	3,400	139	1,117
France	4,140	1,362	1,498
Italy	5,500	57	3,308
UK	9,840	0	27

Source: RCEP (1984, p. 91)



350 waters and then offering to make token investments at major resorts following discussions with its Bathing Water Advisory Group which comprised local authority, water and tourist industry officials (HM Government 1986, para. 2.2). However, this failed to satisfy the Commission. The conflicts between Brussels and London dragged on until 1993, when the UK finally appeared before the European Court. At the time, less than 80 per cent of the 418 identified waters met EC standards. As expected, the Court pronounced that Britain had failed to fulfil its obligations under the Treaty (OJ C222, 18 August 1993). These high-profile interventions by the Community brought the issue of coastal quality to the attention of Parliament and national environmental pressure groups who saw it as an opportunity to gain greater leverage.

The Community was not the only supranational factor impinging upon the government. Throughout the 1980s, there was mounting concern in Europe about pollution in the North Sea. Seal deaths, algal blooms and eutrophication were all linked to the dumping of sewage and chemicals at sea and, with support for green political parties at an all time high, Greenpeace initiated a high profile campaign to force Britain – ‘The Dirty Man of Europe’ – to treat waste on land rather than dump it at sea (Rose 1990, pp. 24–36). Britain came in for especially sharp criticism at a series of North Sea conferences held throughout the 1980s, as the tide of opinion in European capitals began to move strongly against marine treatment. According to the former Director of Environmental Protection in the DoE, these meetings:

were at least as important at some points during the evolution of thinking in the story [of bathing water] as changing developments in Brussels. . . . [I]t was political recognition in Britain of the intensity of feeling in neighbouring North Sea states about cleaning the common sea between us which drove the debate more than scientific or legal arguments (Osborn 1997, pp. 1–2).

Towards the end of 1987 Britain backed down and accepted that the principle of precautionary environmental management should apply to the most toxic chemicals, which implied large cuts in sewage sludge dumping at sea.

These external pressures were mirrored by growing support at home for greater investment. During an investigation of beach quality in 1989, the Chairman of the House of Commons Environment Select Committee on the environment (HOCESE) (HOCESE 1990a), the Conservative MP Sir Hugh Rossi (HOCESE 1990b, p. 43), spoke in precautionary terms:

...may we find to our surprise that we should not have been putting in certain viruses...[and]...bacteria, because instead of being killed, dispersed and diluted they have increased and multiplied? . . . Should we not be much more cautious as to what we should put in; and if there is a risk then we should take measures to stop these things going in, or

treating them beforehand and rendering them harmless before we discharge them?

Subsequently, the committee, which had earlier counselled the government to respond in a more precautionary manner to the threat of damage by acid rain (Hajer 1995), recommended that all sewage discharges receive 'at least' primary and secondary treatment, with disinfection where appropriate (HOCEC 1990a, p. xiv). The report crystallized broader shifts in thinking about coastal waters. Only a short while before, the Environment Secretary, Nicholas Ridley, had robustly defended long sea outfalls as being in line with 'the best international scientific advice about this matter. It is not possible to question it ...' (HC Debs., vol. 139, col. 1292).

Following a request from member states to address sewage pollution, the European Commission came forward in 1989 with proposals for an Urban Wastewater Treatment (UWWT) Directive setting down minimum standards for waste water collection, treatment and disposal. Crucially, they called for *all* sewage discharges to receive some form of treatment (COM (89) 518, 9 Nov. 1989), which at first blush appeared to sound the death knell for Britain's long pipes. Facing rising pressure at home and abroad, Ridley's younger and decidedly greener successor, Chris Patten, made a fundamental *volte face* in policy in March 1990, just days before another important North Sea meeting at which Britain was expected to come in for sharp criticism. This involved treating *all* major sewage discharges at a cost of £1.5 billion (1989–1990 prices), and terminating the dumping of colliery waste and sewage sludge at sea. His junior minister, David Trippier, in justifying the shift, conceded that, despite previous scientific backing for their employment, 'the use of long sea-outfalls has never been accepted enthusiastically by the public and neither has it received universal acclaim by the world scientific community' (HOCEC 1990b, p. 343). Patten's 'initiative' as it has come to be known, paved the way for the adoption of the UWWT Directive (OJ L135, 30 May 1991) in 1991. However, at Britain's urging, member states agreed that discharges to coastal waters could continue with the only most basic level of treatment, thereby enshrining the principle of marine treatment in EC law. Even so, it committed Britain to an ambitious investment programme.

### Privatization and 'arms length' regulation

At the very time when these European developments were impinging on policy, the water sector experienced an enormous but essentially exogenous 'shock': privatization. By all accounts, water privatization arrived 'suddenly' on the political agenda without any formal policy co-ordination within government (Kinnersley 1994, p. 51). The complex connections with EC legislation were not, initially at least, fully considered or understood. It was hardly surprising, then, that the initial plans soon unravelled. It is widely acknowledged that the environmental movement was instrumental in forcing Ridley to postpone the sale and create not one but two new

independent regulatory bodies, the National Rivers Authority (NRA), which was amalgamated with other environmental regulators in 1996 to form a national Environment Agency, and the Office of Water Services (OFWAT). In driving through the sale, the government unwittingly encouraged the public to pay greater attention to issues that had hitherto been taken for granted. Today, the sector is considerably more politicized with a wider range of actors, new financial values and a more managerial culture. Gone is the self-governing, professionalized water policy community, replaced by a much looser 'issue network' of participants (Cunningham 1992; Maloney and Richardson 1995, p. 167).

Privatization was important for our purposes because it forced ministers to resolve the continuing conflict between EC Directives and public sector spending restrictions that had first arisen in the late 1970s. Ministers faced a series of difficult dilemmas. The City wanted to know in full the liabilities of the industry before it would support the sale, which in turn implied a realistic interpretation of EC obligations; but if these liabilities were deemed to be *too* large, demand for shares might fall. Hanging over the whole sale was the threat of an appearance in the European Court of Justice (ECJ) or a national court. A series of cabinet papers leaked to Friends of the Earth (FoE) in 1990 (*The Times* 1 June 1990) indicate the conflicting pressures upon ministers: 'An agreement with [the Commission] must now be preferable to an action with all the attendant publicity and uncertain outcome. An action before the [ECJ] during the privatisation discussions or the flotation would have wide-ranging national implications going well beyond Blackpool.'

By the time the sale restarted in 1988, Ridley had realized that a clean-up programme would not only demonstrate a much greener face to the electorate and convince the City of the viability and legality of the sale, but would also shift financial burdens for further EC improvements from the public to the private sector. When the water companies were eventually floated on the stock exchange in December 1989, the charges paid by customers were pegged at inflation plus 5 per cent for ten years in order to finance a £28 billion (1988–9 prices) investment programme (Byatt 1996), and their existing debts were paid off by the Exchequer.

It was the synergy between these otherwise unconnected developments that brought about the announcement, in October 1989, of a £1.1 billion bathing water compliance programme to bring all the non-compliant waters up to standard by the late 1990s. But even at this stage, just six months before the announcement of the Patten 'initiative', the general assumption was that it would involve the construction of new long sea outfalls. In the language of policy learning, the re-calibration of existing policy tools would be fitted within, rather than break with, the marine treatment approach (DoE 1989, p. 10). A senior DoE official, Dinah Nicholls, re-assured MPs in late 1989 that disinfection was a 'short-term stop-gap measure to prevent the worst hazards' (HOCEC 1990b, p. 21).

### New sources of environmental pressure

Although the late 1960s witnessed a burst of public enthusiasm for environmental matters, whatever support there had been in government circles soon evaporated when economic recession took hold. A more fundamental shift in the terms of the debate about coastal water had to await the next upswing of the issue-attention cycle in the late 1980s. By 1990, the British public was more apprehensive about sewage disposal than any other environmental issue (Norris 1997, p. 324).

Apparently, 1985 was an 'exceptionally busy' year for the CAPL (CAPL, Chairman's Annual Report, 1985-86, minutes, vol. II, p. 38). Having presented evidence to the RCEP and parliamentary committees, Wakefield helped produce an article in *The Sunday Times* which produced a flood of orders for copies of the Golden List. Old age and ill-health finally persuaded him to wind down the League in 1987, but by then other local pressure groups had begun to take up the cudgels (for example 'Save Our Shoreline' on the Fylde coast near Blackpool and the 'Sons of Neptune' in Scarborough). More significantly, the mid-1980s witnessed the coming of age of larger and better-resourced groups such as FoE and Greenpeace, which had not existed when the CAPL started out. At FoE, Andrew Lees exploited the EC's public complaints procedure for environmental ends, bombarding DG XI, the Commission's environment Directorate, with information about the poor quality of British water (OJ C168-11, 8 July 1985). Wakefield had tried this in 1977, but had been told by the Commission that it needed clearer evidence before initiating infringement proceedings. In 1986, Greenpeace used its ship *Beluga* to test coastal waters against EC standards (*The Times*, 25 June 1986). In 1987 the group commissioned its own epidemiological investigation of beaches in Southern England, then used the findings, which were published in the *British Medical Journal* (Eykyn 1988), to campaign for a review of the 1959 PHLS report. The CAPL had also considered doing this, but had lacked the resources and, perhaps more importantly, a credible legal yardstick (CAPL, Minutes of Second AGM 17 November 1961, Vol. I, pp. 41-2).

### New scientific and medical understanding

Scientists and epidemiologists played an important role in the wider politicization of coastal developments. Following the success of the mass immunization campaigns of the late 1950s and 1960s and the growing public interest in coastal sewage, many began to refocus their studies on more minor ailments such as diarrhoea and conjunctivitis. Support for a review of the PHLS report among the scientific community was in any case growing (Kay and McDonald 1986, pp. 263, 272). However, these more minor symptoms are difficult to research (they are non-specific and often go unreported to GPs). Using different techniques, American scientists such as Cabelli nonetheless began in the 1970s to demonstrate a significant link between very low levels of contamination and minor illnesses. Significantly, these

findings carried the uncomfortable implication that even compliance with EC standards would be insufficient fully to protect the health of British bathers against minor illnesses. The Environment Select Committee was informed in 1989–1990 that on the basis of Cabelli's studies, 3 per cent of bathers using waters which achieved the EC guideline standard would still experience gastro-enteritis (HOCEC 1990a, xxii). Highly respected international scientific bodies such as the World Health Organisation (WHO) and the United Nations Environment Programme (UNEP) endorsed Cabelli's methods, but British experts remained sceptical (RCEP 1984, p. 87). Throughout the 1970s and 1980s, established figures in the coastal water policy community such as Brendan Moore of the PHLS resisted attempts to re-evaluate the 1959 report. In 1980, a senior PHLS official said he would do 'everything he could to stop' such a reappraisal because it would be 'a total waste of time' (in: Barrow 1981, p. 230). Even the CAPL said that minor symptoms 'need not be taken too seriously' (Wakefield 1987, p. 44). 'At the worst', he explained, 'it might amount to a spoiled holiday from diarrhoea.' Recall, however, that Wakefield was motivated to tackle coastal pollution by the sort of serious illnesses that had taken his own daughter's life.

Given that it might play into the hands of critics, it was not entirely surprising that the government refused to be rushed into a review, even though prominent experts regarded the 1959 report as a 'very weak' foundation for policy (Kay and McDonald 1986, p. 263). Indeed Kay and McDonald imply that the government continued to procrastinate to avoid politicizing still further the process of water privatization (p. 279). By the late 1980s, however, the case for a reappraisal of the science could no longer be denied, not even by the PHLS (see, for example, its testimony before the HOCEC (1990b, p. 163)). It may be significant that the DoE only finally sanctioned a review in 1989, when most of the financial and legal problems affecting privatization had been resolved and the investment programme was effectively in place. Other than confirming the well-established fact that minor contamination is not a cause of serious illness, the findings of the review, which were not released until 1994, were not clear cut, and seemed to offer something to both critics and supporters alike. Scientists are now researching improved indicators of health risk including viruses themselves.

### THE 'NEW' POLITICS OF COASTAL WATER QUALITY

An editorial in the *The Financial Times* in 1994 noted that 'water is political poison' (*The Financial Times* 29 July 1994). The narrower coastal water question bears this out, in spite of the vast sums of money spent improving and re-routing sewage discharges. Various factors have ensured this. The first is the growth in activity and articulation of new pressure groups, which reflect both the increased leisure use of beaches and the salience of non-material issues such as health and amenity. Groups such as the Marine Conservation Society (MCS) use the compliance reports compiled by the

DoE for the Commission as a basis for their own surveys and award schemes, often in alliance with local authorities and business interests. The publication of each survey is widely reported in the press and posted at resorts, and a fierce competition has developed between adjacent resorts to fly the various 'flags' of excellence. Similarly, Surfers Against Sewage, allegedly Britain's fastest growing environmental group, has adopted direct action tactics and pursued legal claims against private water companies on behalf of members to get across its message that *all* discharges to recreational waters should receive full biological treatment.

Another major factor has been the political ramifications of privatization, which shifted the burden of the clean-up programme from the shoulders of taxpayers to water charge payers, in the process producing a highly regressive tax. Contrary to the government's initial promise of cheaper water, by 1994 bills had risen by 67 per cent, while water companies' shares and profits soared by 99 per cent and 20 per cent respectively (National Consumer Council 1994). Examples of this politicization include the lobbying of the Major government by Conservative MPs in marginal seats in the South West (where bills have hit hardest) and the exploitation of the poor state of beaches in the North West by the Labour Party in 1996 (*The Guardian* 30 August 1996). Paradoxically, although privatization was supposed to roll back state intervention, ministers remain trapped between the Scylla of complying with EC environmental laws and the Charybdis of keeping water bills down to a politically acceptable level. The Major government's indirect response was to trim environmental spending wherever possible and seek a review of EC legislation under the guise of subsidiarity, although, at the time of writing, the bulk of the compliance programme remains unaffected and key Directives remain very much in place despite repeated attempts to revise and/or repeal them (Jordan 1998b).

Furthermore, whereas in the past the water industry was effectively self-policed, now it is subject to a much more open and tremendously complex system of regulation, involving no less than four separate regulatory bodies. Since privatization, these bodies have pursued their own policy priorities and styles. Thus the NRA has portrayed itself as the 'guardian' of the water environment. It has tried to distance itself from the old, cosy and consensual style preferred by its forebears, in favour of high-profile prosecutions, consultation with environmental groups and the public, and full and timely publication of factual information. It has also canvassed support for a maximal interpretation of EC Directives (see, for example, its Chief Scientist, Jan Pentreath, in evidence to HOCESC 1990a, p. xxxi). OFWAT on the other hand has been more concerned about the impact of water bills and has tended to prefer a minimalist approach to EC obligations. In a 1993 document, significantly entitled *Paying for Quality: the Political Perspective*, it called attention to the escalation in water charges up to and beyond 2000 (Byatt 1991). Subsequently, its Director, Ian Byatt, openly questioned the 'affordability' of and, by implication, the need for, the improvements (Byatt

1996, p. 673). Previously, this sort of bureaucratic conflict took place internally within Whitehall; it is now more visible and much more openly political.

Moreover, the Patten 'initiative', developments in treatment technology, the threat of legal action by campaign groups, the financial freedom provided by privatization and the emergence of a new 'managerial culture' in the industry which stresses the importance of good customer relations, have all encouraged water companies to investigate 'once-and-for-all' solutions to sewage pollution, such as disinfection, to achieve the stricter, but non-mandatory, EC guideline standards (ENDS 1997; Maloney and Richardson 1995, p. 165). While certainly no longer an article of faith, marine treatment nonetheless remains central to the implementation of the EC compliance programme, although there is inland treatment and disinfection in many localities. During the autumn of 1997, the new Labour government completed the transformation in policy by adding oil rigs, nuclear submarines and a range of toxic chemicals to the list of materials that should not be disposed of into the sea, prior to yet another high-profile meeting of North Sea states (*The Guardian*, 3 September 1997). Although in practical terms it only completes the job started by Patten in 1990, it nonetheless represents a symbolic abandonment of the UK's long-standing dilute and disperse approach and may mark the beginning of a more co-operative relationship with its neighbours. In future, the Environment Minister Michael Meacher claimed, there will be a 'general presumption against sea disposal' (*Europe Environment* No. 506, 16 September 1997, p. 1).

## RELATING THE THEORIES TO THE CASE STUDY

Our study certainly reveals a sharp shift in the nature of coastal pollution policies between the 1950s and 1990s. In the early 1950s, coastal water pollution generated little public debate. Sewage treatment was regarded as a technical matter and the public grievances were not fed into the political system. British policy was informal, pragmatic and flexible. By the 1990s the whole issue was transformed. The 'new' politics of coastal waters are characterized by major investments in sewage treatment, high levels of public concern and pressure group activity, open conflicts between regulatory bodies, and constant and high-profile interventions by supranational actors such as the EC. The old policy community has been sundered.

What light do the theories which we have outlined shed upon this shift? How applicable firstly is the concept of a policy paradigm? In the 1950s and 1960s, the nature of the environment (strong tides and turbulent waters), conventional wisdom, scientific understanding and legal structures strongly supported marine treatment, which functioned as the dominant policy paradigm in Britain. Conferences were convened to debate the detailed aspects of outfall siting and construction. Hall's model emphasizes the causal links between dominant ideas and institutional structures and policy procedures which implement them. We find the long pipes and deep sea

disposal of sewage sludge were characteristic of Britain's optimal-contextual approach to pollution. So was the devolution of responsibility to front-line agents. Underpinning all this was a fundamental belief in the ability of science and technology to predict the behaviour of bacteria and pathogens in water and thus to optimize the amount of pollution (Hajer 1995, pp. 141–3).

During the first brief period of controversy over dirty beaches (c. 1953–1960), legal structures, bureaucratic practices and scientific arguments organized the issue of dirty beaches out of national politics via a mobilization of bias, although there were *ad hoc* local developments. In terms of Hall's three levels, there was first and second order change but not the radical switch in the prevailing policy discourse needed to precipitate a paradigm shift. It was only much later in the saga that a new precautionary viewpoint, which counselled treatment at source, began to gain a toe-hold in the DoE (cf. Hajer 1995, ch. 4). While Brendan Moore, the Jeger Committee, the RCEP, the HOLSCEC and, interestingly, Tony Wakefield (the CAPL insisted only that sewage was *properly* diluted nor did it question the focus on *serious* illnesses (CAPL 1966, vol. I, 18 March, p. 710) continued to advocate marine treatment, by contrast, new environmental and amenity groups, the European Commission, greener member states, the HOCESC under the chairmanship of Rossi and, in more recent reports, the HOLSCEC (1994, p. 19), support(ed) more precautionary thinking.

On the other hand, our study raises a few problems with the precise nature of policy paradigms. Hall (1993, p. 291) concedes that none are as 'elaborate or as forceful' as monetarism or Keynesianism, although he considers them to be more prevalent in areas involving 'highly technical issues' such as ours. However, it is questionable whether marine treatment was ever a paradigm in the Kuhnian sense of a narrow, confining cognitive framework which imprisons individuals until a revolutionary shift sets them free. Hall (1993, p. 291) admits that '[o]nly in some cases . . . will it be appropriate to speak of a fully elaborated policy paradigm . . . In others, the web of ideas . . . will be looser and subject to more frequent variations.' It is more accurate perhaps to regard it as a set of politically and economically expedient tools, which were only worked up into a broader 'philosophy' in the late 1970s by British officials seeking to justify the *status quo* to foreign observers (cf. Haigh 1989, p. 22). But if paradigms are difficult to identify in a relatively hierarchic, professionalized policy area as ours, where exactly might we find them?

Sabatier's ACF conceives the same phenomena in terms of shifting patterns of beliefs. Supporters of marine treatment shared a policy belief in the efficacy of dilution and dispersion and a secondary belief in the application of long pipes over inland treatment. This marine treatment lobby dominated the professionalized water policy community and policy was made consensually. Sabatier would see such a grouping in terms of an AC. Those groups agitating for change would be regarded as a competing AC,



whose fundamental policy position was pro-inland treatment. The normative difference in the policy core of the two coalitions in turn reflected a deep core dispute over the extent to which pollution should be reduced and how policy should be made in the face of scientific uncertainty. Simply put, the marine treatment advocates believed that enough was known about the behaviour of bacteria in seawater to optimize pollution, whereas the inland treatment supporters regarded waste minimization at source as the preferable long-term objective given the uncertain long-term effect of sewage emissions, with short-term financial costs being a less pressing consideration. Coalitions reflecting both these viewpoints are now at work within the more open context of the modern water policy network, and each leaves a discernible imprint upon policy outputs. Crucially, the dominant mode of decision-making is conflictual rather than consensual.

One of the great merits of the ACF approach is the emphasis it places upon networking across groups and the role it ascribes people such as journalists and academics in the policy process as well as officials and politicians. Our case study shows just how many different groups and individuals contributed to the policy changes and how fluid the process was. However, on many crucial matters, the terminology employed by Sabatier seems vague and imprecise. Policy brokers, clearly, are critical to POL, but their role is at best unclear and at worst completely untheorized. The distinction between advocate and broker is said to rest 'on a continuum': 'Many brokers will have some policy bent, while advocates may show some serious concern with subsystem maintenance' (Sabatier 1993, p. 27). Do state bureaucrats have interests and strategies of their own, beyond that of achieving consensus? Sabatier's response is at best unclear and at worst tautologous (1993, p. 27). Our study demonstrates that the state did not hold the ring but excluded some interests from decision making. This conception is not altogether surprising given Sabatier's essentially pluralist view of the policy process. In the early period of our study both senior civil servants and politicians could be cast in the role of policy brokers, in so far as they were non-expert lay-persons largely facilitating and implementing policy which had been formulated according to the dominant beliefs of scientific and technical experts. By the 1980s, however, their successors were playing a quite different role. The situation was now much more fluid, the dominant paradigm was seriously challenged and completely new political forces and calculations were entering the arena. Chris Patten, for example, clearly played a crucial role in shifting policy on in the period when he was secretary of state. His appreciation of greener political concerns, career ambitions and Europhilic beliefs led him to initiate and lead policy shifts. This goes far beyond the conception of policy broker employed by Sabatier. On the other hand, Patten cannot be fitted into the role of policy advocate. He was a bird of passage. He had no identification with the policy paradigms of the interested parties in the issue. In some ways his interventions seem akin to the role played by the 'exogenous

shock', but scarcely within the meaning of the term as employed by Sabatier.

Moreover, the concept of an AC awkwardly fits the politics of our case study in the 1960s. Here the most marked clash was between Wakefield's CAPL on the one hand and government departments on the other. Yet Wakefield and his supporters shared the same core beliefs concerning marine treatment. One wonders how tight and useful the concept of an AC is. Although there has been significant change at the level of policy core beliefs, the compliance programme is organized around the idea of marine treatment. How do we explain the convergence of policy paradigms? In one respect, we may be witnessing the emergence of a syncretic AC which integrates aspects of the two main ACs. Sabatier identified a very similar set of circumstances in his own study of air pollution in California (Sabatier 1988, p. 157). Evidence of convergence in our study includes the selective up-take of disinfection techniques by particular water companies and 'New' Labour's decision to abandon the dilute and disperse approach at a recent meeting of North Sea states. The question then arises of precisely how convergence occurs when the line-up of ACs remains the same. Sabatier seems to have realized the possibility himself. In a recent revision to the ACF (Sabatier and Jenkins-Smith 1993, p. 217), he accepts the possibility of substantial policy change with the same coalition in position when it is mandated by a hierarchically superior jurisdiction – in our case the EC. To complicate matters further, since privatization an economic efficiency lobby can be identified around the problem of how to finance the improvement programme. This new grouping, which is dominated by OFWAT but also contains pressure groups such as the Campaign for Water Justice and Water Watch, is primarily concerned with achieving the best deal for water charge payers by minimizing compliance *costs*, rather than the scientifically rooted dispute between the two other ACs about the environmental *benefits* of improvement. Sabatier allows for a plurality of ACs in a system, but the more one multiplies the number the more everything begins to look like old-style American pluralism spiced up.

How useful are the models in explaining the process of change in our case study? Following Sabatier, we can identify the influence of exogenous changes in both the basic parameters of the subsystem and of external events. In terms of the former, the basic attributes of the problem (sewage) worsened – more was created and its non-biodegradable content increased – which helped to undermine an important assumption of marine treatment. Society became more unwilling to accept even small incidences of contamination and demand grew for year-round recreation in precisely those areas where short pipes disgorged their wastes. These longer-term shifts, coupled to improvements in pipe-laying technology, forced proponents of marine treatment to defend their beliefs. The questioning of existing solutions in the face of 'new' problems triggered some POL within the marine treatment coalition, as water engineers, following practice in the

US, began to construct longer sea outfalls in the 1960s. However, members of the AC engaged in what Sabatier terms a 'dialogue of the deaf' by not taking on board solutions (such as disinfection) propounded by members of the opposing AC (Sabatier 1988, p. 155). The findings of research undertaken by foreign scientists such as Cabelli found a receptive audience in the British pressure group community, but were rejected by the marine treatment AC because they were cognitively inconsistent with its policy core values. Fears about the transmission of AIDS and pathogens were similarly played down.

As late as 1989, the marine treatment paradigm set the intellectual framework for policy. The best hope for opponents like FoE and Greenpeace lay in waiting for one or more external shocks to alter the resources and opportunities of all actors. These shocks began to occur with increasing regularity in the late 1980s and included *inter alia*: the development of reliable alternatives (for example disinfection), interventions from the EC and the North Sea Conferences, and policy decisions from other subsystems (specifically privatization). However, these external events did not translate automatically into policy change; they had to be skilfully exploited by members of the minority coalition. The Directive, for example, offered just the yardstick Wakefield had searched in vain for in the past. Similarly, privatization opened up hitherto closed administrative practices to greater external scrutiny. All the above fits with Sabatier's model, but his analysis does not quite cater for the extent to which the policy subsystem was whirled around by the impact of policy and political developments from other arenas.

There are also many points of similarity between Hall's conception of change and that described in the case study. The emergence of new policy problems did indeed trigger a wider 'contest for authority' as various parties tried to out-learn one another with regard to the health risks of sea bathing and the behaviour of bacteria in seawater. Certainly, our study reveals the importance of 'experts' in facilitating Hall's third order change. In this case it was scientific expertise. In the 1950s such expert knowledge played an important part in both defining the policy problem and determining the solutions. From the 1970s there were increasing political forces from both the domestic and international arenas which pressed for change. What had once been a narrow, technical debate between scientists and water engineers, gradually spilled over into the public and party political arenas, drawing in new actors. Nevertheless it was changes and uncertainties in the expert scientific community which were used to legitimate policy change in the late 1970s and 1980s, in particular the 1989 DoE review. However, by this date the policy arena was more open and pluralistic than had been the case in the 1950s. By the later period, the government found it increasingly difficult to present policy purely in technical and scientific terms, as different parties began openly to question the ethical and moral justification for pumping raw sewage into the sea. The sequence of events culminating in Patten's pivotal 'initiative' underscore the pluralistic nature of paradigm

shifts. The initiative was a calculated attempt by an ambitious politician to win friends abroad and garner green votes at home. It was apparently taken on 'political' grounds, against the advice of water industry experts and marine scientists, and in the face of strong opposition from other government departments (*The Guardian* 24 February 1990; *The Daily Telegraph* 6 March 1990). At the time, Mike Carney, then Chairman of the Water Services Association, claimed that '[w]e [the water companies] have a lot of experience in this country of sea disposal and there is not a jot of evidence that harm is being done to the environment' (*The Guardian* 1 March 1990).

Furthermore, the process of policy learning is perhaps best seen from our case study to have been more fluid and variegated than either Hall or Sabatier suggest. Sabatier does not fully envisage the possibility that coalitions of policy advocates may actually learn deep core positions to bolster their demands for specific policy proposals or tools. Something of this sort occurred with Tony Wakefield's CAPL when it began to couch its demands for longer pipes in different terms once environmentalism blossomed in the 1960s. Theorists of POL need also to consider carefully the extent to which the whole process of learning is at the mercy of powerful bureaucratic forces able to exert veto powers. A good case in point was the DoE's attempt to prevent a review of scientific data until the privatization process was safely out of the way.

Indeed other perspectives centring on political power and bureaucratic politics seem equally fruitful. In our study, policy, tools appear to take on a life of their own when patronized by particular bureaucratic interests; and this raises important questions about the threefold hierarchy of objectives, tools and settings posited by Hall (Greenaway 1998). It might not be so much the dictats of 'good science' as the desire of powerful bureaucratic forces such as the Treasury and industry departments to maintain a cheap form of waste disposal which explain the persistent appeal of marine treatment. Similarly, the convergence of thinking noted by Sabatier above could not occur on Hall's (1993, p. 280) own definition of policy paradigms, because they are never fully commensurable. Sabatier avoids this problem by adopting a much more agency-centred view of politics; there is no admission that a well-established set of ideas significantly shapes individual cognition. But his attempt to explain policy change in terms of the belief systems of the actors involved, raises quite separate methodological problems (Hann 1995). For our purposes, it is not always clear where these beliefs derive from or what causes them to change. Many might suggest the underlying dynamic was not 'learning' *per se* – this was only epiphenomenal – but the ongoing struggle of governing interests – Marxists would say classes – to lessen public spending without provoking a legitimization crisis. Moreover, our study finds that the events culminating in the 1990 'initiative' were altogether more haphazard than the ACF would lead us to expect. Crucially, POL only really occurred *after* the subsystem became de-professionalized and politicians began openly to court public opinion

by imposing solutions. As originally conceived, the ACF ignored public opinion altogether, although it is given greater prominence in later formulations (Sabatier and Jenkins-Smith 1993, p. 223, n. 7).

Furthermore, 'issues of authority' as described by Hall (1993, p. 280) do not appear to have been significant. Throughout the saga, state bureaucrats and political leaders remained a dominant force and only finally conceded the need for inland treatment in the face of concerted pressure from other states, not wider societal interests. Sabatier also has little time for accounts which explain change in terms of the application of political power, but our study demonstrates empirically the importance of non-decision making in keeping issues off or down the political agenda. Throughout the 1970s and 1980s central government ignored changing scientific opinion and dismissed the aesthetic case for improvement. Even during the period of great instability in the mid-1980s, the state enjoyed sufficient autonomy to impose solutions on the domestic policy network – the creation of the NRA being an excellent case in point. Moreover, many of the 'new' solutions which are now being put into practice came from *within* the water policy network where they had lain dormant and unimplemented.

For Hall and also Smith, paradigm shifts occur when the state loses autonomy and the normal mechanisms for managing change break down. Sabatier, on the other hand, dismisses traditional pluralist theory but his model remains essentially pluralist in its conception (Jenkins-Smith and Sabatier 1993, p. 37). In fact, he writes out the state entirely. But in our case, one of, if not the major, sources of instability was the state itself. After a hesitant start, privatization was imposed upon the domestic water policy community, in the teeth of opposition from environmental groups. The difficulty of reconciling what was in effect an internal policy commitment with external obligations to the EC and all the resulting problems, were largely self-imposed. It was the state, moreover, that granted the water sector the economic freedom to experiment with new ideas and tools. Indeed the uptake of disinfection technologies has a lot to do with financial factors (it is cheaper than long pipes), institutional structures and the water companies' desire to maintain good customer relations rather than learning *per se*.

## CONCLUSION

The models of learning which we have examined can offer insights into the shifts from 'old' to 'new' environmental politics which Weale has noted. By stressing the importance of ideas and the complex relationship of sets of ideas to institutional politics they do provide a valuable corrective to conventional network accounts. By taking a long time-span of decades they highlight the deficiencies in bureaucratic or narrow political explanations which focus on specific decisions and outlooks. However, concepts such as policy paradigms or advocacy coalitions need to be used with care. Applied in practice, they are rather more vague and elastic than the authors who propound them care to suggest. In particular the attempts to classify beliefs

or policies into a hierarchical, tripartite structure verge on the over dogmatic. Policy techniques can take on something of a life of their own and policy learning can turn out to be a very elastic mechanism indeed. Our study demonstrates the importance of institutional and bureaucratic forces. For long periods policy stability, and the parameters within which policy is defined, may be maintained by an existing structure or set of political institutions. Models of learning, especially the ACF, can neglect enduring institutional forces which apportion resources unevenly and which exclude 'outsiders', factors which are well incorporated into theories of policy networks. Change when it comes may be dramatic and destabilizing; but such change in the policy paradigm is likely to be the result of an interaction of forces from different arenas: new thinking by experts, institutional change and political pressures and aspirations.

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# COMPETITIVE TENDERING IN LOCAL GOVERNMENT: A REVIEW OF THEORY AND EVIDENCE

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The introduction of compulsory competitive tendering in UK local government reflected conventional public choice theories of bureaucracy. These theories suggest that competition for service contracts will lead to lower expenditure and higher efficiency. Extensions and criticisms of the classical public choice model yield very different conclusions. First, the problems of bureaucratic supply are less severe than originally assumed, and secondly competition may itself generate new problems such as transaction costs, erosion of trust between principals and agents, and rent seeking. The impact of competition on spending and efficiency is therefore indeterminate, and must be established empirically. However, studies which evaluate the effects of competitive tendering in local government are few in number, cover a limited range of services, and are methodologically flawed. Therefore neither the initial imposition of competitive tendering by the Conservatives, nor its planned abolition by Labour, can be traced to a solid foundation of theoretical or empirical support. Theoretical and methodological problems that need to be resolved by further empirical studies are identified.

In the last fifteen years a set of reforms associated with 'new public management' has swept over the public sector in the UK and elsewhere (Hughes 1994; Walsh 1995). A central feature of this reform programme has been the introduction of competition into service markets that were previously monopolized by public agencies. The emphasis on competition has been felt most strongly in local government in the UK where some services have been subjected to compulsory competitive tendering (CCT). National governments elsewhere have sought to encourage a 'culture of competition' in local government, for example in the USA and New Zealand (Hilke 1992; Domberger and Hall 1996). By contrast, local councils in Britain have been left with no choice but to elicit private bids to run many of their services.

One consequence of the election of the Labour government is likely to be a reduction in the role of market forces in the public sector. In particular, Labour intends to put an end to compulsory competitive tendering in local government. The 'discipline' of competition is to be replaced by a system

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of performance indicators and benchmarking that is intended to secure 'best value' in local services. During the next few years almost all competitively tendered contracts will lapse. Although some councils may decide to re-tender, or to retain contracts with external agencies, it is possible that others will simply return to direct service production by their own workforce. In other words, monopolistic supply by local bureaucracies may re-emerge as the dominant arrangement for service delivery in some areas. It is, therefore, important to take stock of the theory and evidence on CCT before final decisions are taken on its abolition.

The aims of this article are to review the theoretical rationale for competitive tendering and to evaluate the empirical evidence on its effects on local authority spending and efficiency. These aspects of competitive tendering have been surprisingly neglected in the large literature on CCT, much of which emphasizes the distribution of contracts between public and private producers, or the impact of competition on organizational structures and processes (for example Colling 1993; Flynn 1990; Greenwood and Wilson 1994; Kerley and Wynn 1991; McIntosh and Broderick 1996; Painter 1991; Patterson and Pinch 1995; Shaw *et al.* 1994; Walsh *et al.* 1997). The first part of the article analyses 'classical' public choice arguments on competition in the public sector. This theoretical perspective has contributed strongly to the marketization of public services (Jordan and Ashford 1993; McMaster and Sawkins 1996). Indeed, it has been argued that the general pattern of public service reforms is based on the public choice argument that bureaucrats are selfish 'knaves' rather than selfless 'knights' (Le Grand 1997). Extensions and criticisms of classical public choice theory suggest, however, that even when the self-interest axiom is retained, the hypothetical impact of competitive tendering is higher expenditure and lower efficiency. The second section of the article evaluates whether empirical evidence on competitive tendering is consistent with public choice hypotheses. The third section considers the potential role of competition in the new regime of Best Value, and identifies the methodological problems and theoretical issues that need to be addressed by further research on competitive tendering.

## I THEORETICAL EFFECTS OF COMPETITIVE TENDERING

### (a) 'Classical' public choice arguments on competition

A fundamental postulate of public choice theory is that human behaviour is motivated primarily by selfishness rather than altruism. It follows that a pattern of incentives or structure of constraints is required in order to redirect the behaviour of public officials towards the public interest. The seminal public choice arguments on bureaucracy suggest that competitive pressures may achieve this goal (Tullock 1965; Downs 1967; Niskanen 1971).

If political sponsors can choose between several alternative suppliers, then their relative prices can be compared. This information shifts the balance of power from bureaucrats to politicians, and renders the package

offered by each bureau highly susceptible to changes in price. For example, Niskanen (1968, p. 305) argues that contracting-out is a remedy for the problems of bureaucracy:

... the type of goods and services now provided by bureaus could be financed through government or foundations as is now the case, but the provision of these services would be contracted to private, profit-seeking economic institutions. The bureaucracy, as such, would disappear, except for the review and contracting agencies.

This does not imply that transferring responsibility for a publicly funded service to a private organization is sufficient to increase efficiency: it is competition in the market that is important, not whether production is public or private. This characteristic of public choice theory can be contrasted with the literature on 'property rights' which suggests that ownership does affect performance (Miranda 1994; Vining and Boardman 1992).

Two specific hypotheses on competitive tendering can be derived from classical public choice models. First, spending on those services that are subject to competition will fall. The rationale here is simply that if monopoly results in budgetary growth, then a consequence of competition should be lower expenditure than would otherwise occur. It is important to stress that this hypothesis refers only to services which are exposed directly to competition. There is no suggestion in public choice theory that competitive tendering for some services will lead to lower spending in the local government system *as a whole*. Indeed, by assumption, the most senior officials in a local authority are themselves budget maximizers. Therefore any expenditure savings from services subject to competition are likely to be retained and reallocated within the general local authority budget. This implies that spending on services which remain under the monopoly control of local councils could *rise* as a result of competitive tendering.

The second public choice hypothesis is that competitive tendering will result in a higher level of technical efficiency in service production: that is, the ratio of financial inputs to service outputs will improve. Under competitive tendering, rival agencies submit bids to deliver a specified quantity and quality of service. The lowest bid wins the contract, provided that the proposals for service production are credible. Thus the cost per unit of output should fall as a result of competition. Although competitive tendering can be expected to improve technical efficiency, it has no necessary impact on allocative efficiency (the responsiveness of outputs to public preferences and needs). First, as noted above, there may be no release of funds for use elsewhere in the economy. Secondly, decisions on the nature and distribution of the services remain the responsibility of politicians and officials. Competitive tendering does not enhance the power of the consumers of services, local taxpayers or the public in general. At worst, it is possible that this form of competition simply results in the more efficient provision of services for which there is no genuine demand.

### (b) Criticisms of the classical public choice models

A vast public choice literature on bureaucracy has developed since the work of Tullock, Downs and Niskanen (see Jackson 1982; Blais and Dion 1991). The aim in this section is not to summarize the many extensions and criticisms of the initial theory, but to highlight that there are arguments which lead to alternative hypotheses on the impact of competitive tendering. In particular, even if elements of the public choice perspective are accepted, it is possible that competition will lead to *higher* expenditure and *lower* efficiency.

#### *The conventional critique of public choice theory*

Niskanen's assumption of budget maximization has been widely criticized. In an early but important contribution, Migue and Belanger (1974) argue that bureaucrats attempt to maximize their 'discretionary budget' rather than the output or total budget of an organization. This implies that services are produced inefficiently, but not necessarily oversupplied (as subsequently conceded by Niskanen 1975, 1991; see also Peacock 1983). In this case, any fall in spending as a result of competitive tendering may be entirely attributable to greater efficiency. Dunleavy (1991); provides a comprehensive critique of classical public choice models, and argues that the primary goal of senior officials is bureau-shaping rather than budget-maximizing. To the extent that the level of expenditure is a part of bureaucrats' utility functions, the emphasis is on the 'core budget' (which consists mainly of salaries and administrative overheads) rather than the wider 'programme budget' (which includes payments to other individuals and organizations). In a similar vein, Egeberg (1995) distinguishes between bureaucrats' influence on substantive policies (for example health, education, transport) and 'administrative policies' (for example the structure and personnel of government). He claims that budget-maximization is prevalent only in administrative policy-making: 'formulating public policies on, for instance, the levels of rewards for top civil servants is bound to trigger bureaucrats self-interests more than, for example, policies on the taxation of oil companies' (Egeberg 1995, p. 160).

These arguments imply that inefficiency in public organizations is far lower than assumed in classical public choice theory. It should be noted, however, that the core budget represents a large percentage of the total budget in 'delivery agencies' which directly provide services (Dunleavy 1991, ch. 7). Many local authority departments in the UK fitted this description prior to the introduction of competitive tendering. Therefore, efficiency gains may still be produced by competition, even if bureaucrats are mostly 'shapers' rather than 'spenders'.

Classical public choice models appear not only to over-emphasize bureaucrats' desire for budget maximization, but also to under-emphasize the constraints on their ability to achieve this aim. In particular, it has been widely argued that Niskanen's model accords too little power to politicians

(see, for example Acheson 1988; Bendor *et al.* 1985; Breton and Wintrobe 1975; Conybeare 1984). Indeed, there is substantial evidence in British local government that politicians influence the size and content of budgets. Labour councils spend significantly more than other councils, and give greater priority to redistributive functions such as housing and social services (Boyne 1996c; Sharpe and Newton 1984). This evidence implies that the extent of 'overspending' is likely to vary with party control and that Niskanen's portrayal of politicians as passive feeders of bureaucratic appetites is incorrect.

*The new critique: the costs of competition*

In classical public choice theory there is little recognition that, in some circumstances, hierarchies may be more efficient than markets. Rather, competition is viewed as a panacea for the problems of bureaucratic service provision. Public monopolists, it is assumed, can be replaced by the procurement of services through 'spot contracts' in atomized markets where buyers and sellers possess complete information (McMaster and Sawkins 1996). The literature on organizational economics suggests that, even if the self-interest axiom is retained, the classical public choice perspective on the benefits of competition is mistaken. Indeed, competitive tendering may generate additional costs which are absent in the traditional form of direct service provision.

Williamson (1975) identifies a number of transaction costs that are associated with writing contracts, monitoring performance and controlling the behaviour of contractors. These costs 'vary with the characteristics of the human decision makers who are involved with the transaction on the one hand, and the objective properties of the market on the other' (Williamson 1975, p. 8). For example, internal production may be more efficient when asset specificity is high, contractors have incentives to behave opportunistically, the number of potential external suppliers is small, and future product requirements are uncertain (see Douma and Schreuder 1992 and Walsh 1995 for a discussion of the arguments). In principle, private firms have the autonomy to organize their production in order to minimize transaction costs – exchanges can take place within or across organizational boundaries, depending on the relative efficiency of these arrangements (D'Aveni and Ravenscroft 1994; Praeger 1994). The achievement of this 'evolutionary equilibrium' may be prevented by the imposition of competitive tendering on public organizations.

The specific problems of policing opportunistic behaviour by contractors are highlighted by another strand of organizational economics. According to principal-agent theory, all contractual relations have two essential characteristics (Barrow 1996; Moe 1984). First, agents pursue their own interest rather than that of the principal; and secondly, information asymmetries confer power on agents. The similarities with elements of classical public choice theory are evident – indeed, the discussion of communication

and control problems in Tullock (1965) and Downs (1967) presages much of the principal-agent literature. However, this theoretical perspective does not assume that market forces are sufficient to ensure that agents fulfil the objectives of principals (Klein and Leffler 1981). Although a competitive bidding process may reveal alternative estimates of service cost, information on the quality of service actually delivered remains asymmetrical. Moreover, it may be argued that the incentive to 'shirk' on quality is greater for private than public agents. Once a contract price has been agreed, a private firm can boost its profits by reducing service quality (Domberger and Hensher 1993). By contrast, public managers are unlikely to receive personal monetary rewards from such behaviour.

Another potential cost of competitive tendering stems from the erosion of trust between principals and agents. Wintrobe and Breton (1986, p. 531) argue that when trust is present, 'subordinates attempt to achieve the objectives of their superior more effectively, in exchange for promises from the superior of greater rewards from the resources at his disposal'. Mutual trust between principals and agents can lead to higher productivity, and obviates the need for close scrutiny of performance. Frey (1993) notes that principal-agent theory has traditionally assumed that rigorous monitoring leads to higher efficiency. However, 'the agent may perceive more intensive monitoring by the principal as an indication of distrust, or as a unilateral break of the contract based on mutual trust. As a consequence the agent sees no reason why he or she should not behave in an opportunistic way ...' (Frey 1993, p. 664).

The implication of these arguments is that the introduction of legal contracts and formal monitoring in local service production may result in lower work effort by staff. In particular, attempts by principals to secure 'contract compliance' may simply lead agents to 'work to contract'. If the council's own staff win the contract, then work which was previously undertaken but not formally required may be discontinued. If production is transferred to an external agency, then the trust which oils the wheels of service production must be rebuilt anew. However, under compulsory competitive tendering, a council cannot guarantee a long-term relationship with its current service supplier. If another organization submits a better bid then the council has no choice but to accept it, even though substantial 'trust costs' may thereby be incurred. As Walsh *et al.* (1997, p. 34) argue, 'highly formalistic approaches to contracts may be seen as preventing the development of precisely those social relationships that are necessary to make them work'.

There is at least one further cost of competition which is not anticipated in classical public choice models. This concerns the resources expended in 'rent seeking' behaviour by organizations which attempt to win governmental contracts. McNutt (1996, p. 136) argues that rent-seeking costs are 'attributable to the creation of artificial scarcity initiated in many instances by government-issued monopoly rights ... (they) include the subsequent expenditure of real resources by aspiring monopolists and citizens alike

through bribery and the lobbying of government'. The concept of rent-seeking has been applied to competition within the bureaucracy (Carroll 1990; Faith 1980), but has not been applied to competition between public bureaux and private firms. When councils embark upon a process of competitive tendering, both the in-house workforce and external agencies have an incentive to persuade decision makers that they should be awarded a temporary monopoly on service production. In effect, competitive tendering creates a form of behaviour, and an additional expense, which was absent when bureaucrats had the position of a permanent monopoly. Moreover, this cost recurs every time a contract is renewed by competitive tender.

In sum, taken together, the conventional and new critiques of classical public choice suggest that competitive tendering may add new costs to the production of local services. The theoretical impact of competition is therefore indeterminate and must be established empirically.

## II THE IMPACT OF COMPETITIVE TENDERING: AN EVALUATION OF THE EVIDENCE

The purpose of this part of the article is to summarize and evaluate the evidence produced by empirical studies of competitive tendering in UK local government. The focus is on studies which, ostensibly at least, analyse the effects of competition on expenditure and efficiency. Many assessments of competitive tendering have been produced by organizations that have vested interests in the political debate surrounding CCT (for example private firms, central government and trade unions). Unsurprisingly, such studies reach conclusions which are generally sympathetic to the views of their sponsors (see Cutler and Waine 1994 for a discussion of some of these studies). Therefore the analysis here is limited to studies which have been published by academics, mostly in the form of journal articles. This should ensure that the evidence reaches a minimum standard of rigour, although it may be unreasonable to expect 'detachment' and 'objectivity' in an area which generates so much ideological heat.

The methods and results of the empirical studies of competitive tendering are summarized in table 1. The evidence includes four analyses of VCT (voluntary competitive tendering) and five of CCT. All the results suggest that competition is associated with a reduction in expenditure. Furthermore, five studies find that competitive tendering had no effect on service quality, and one finds that quality improved. In general, the results of six of the nine studies are consistent with the view that competition leads to higher efficiency in local service production. Moreover, there is no evidence whatsoever that the impact of competitive tendering is higher expenditure or lower efficiency. Two studies find that competition is associated with lower spending *and* lower service quality. However, the implications of these results for efficiency are unclear because the relative decline in expen-

TABLE 1 *Methods and results of empirical studies of competitive tendering in UK local government*

<i>(a) Voluntary competitive tendering</i>							
Study	Service & sample	Type of analysis	Significance tests?	Other variables held constant?	Impact on expenditure	Impact on quality	Impact on efficiency
Cope 1995	School cleaning in Kent	Longitudinal	No	No	Lower	Lower	Unclear
Hartley & Huby 1985	Building Maintenance, Cleaning, Refuse collection, 75 councils	Longitudinal	No	No	Lower	No change	Higher
Dombberger <i>et al.</i> 1986	Refuse collection, 305 councils	Cross-sectional	Yes	Yes	Lower	No change	Higher
Szymanski & Wilkins 1993	Refuse collection, 367 councils	Cross-sectional	Yes	Yes	Lower	No change	Higher
<i>(b) Compulsory competitive tendering</i>							
Study	Service & sample	Type of analysis	Significance tests?	Other variables held constant?	Impact on expenditure	Impact on quality	Impact on efficiency
Chaundy & Uttley 1993	Refuse collection, 37 councils	Longitudinal	No	No	Lower	Better	Higher
Knox & Young 1995	Refuse collection, Street cleaning, 15 councils	Longitudinal	No	No	Lower	Unknown	Unknown
Szymanski 1996	Refuse collection, 365 councils	Longitudinal, Cross-sectional	Yes	Yes	Lower	No change	Higher
Walsh & Davis 1993	Eight services, 40 councils	Longitudinal	No	No	Lower	No change	Higher
McMaster 1995	Six services, 9 councils	Longitudinal, Cross-sectional	Yes	Yes	Lower	Lower	Unclear



diture and quality is unknown. If the percentage fall in spending is less than the fall in quality then efficiency is lower, and vice-versa.

Thus the empirical evidence appears to provide strong support for classical public choice hypotheses on the effect of competition on public services. Furthermore, taken at face value, the results offer a resounding endorsement of the Conservatives' imposition of CCT on local government. Left to their own devices, it is unlikely that many authorities in the 1980s and 1990s would have voluntarily subjected their services to external competition, especially as local councils were increasingly dominated by Labour. For example, between 1980 and 1985 only 55 of the 401 lower-tier councils in England and Wales chose to invite outside bids to run their refuse collection services, and only one of these was Labour controlled (Domberger *et al.* 1986). The results of the empirical studies imply that CCT allowed efficiency gains to be achieved in councils which, knowingly or not, were 'gripped by the vice of bureaucratic monopoly'.

However, a much more hazy picture lies behind the superficial clarity of the empirical evidence. A number of problems in the studies suggest that it is impossible to use these results to argue for the success or failure of competitive tendering. As the summary in table 1 shows, most studies cover only one service or analyse a small number of councils, a majority of studies fail to test whether the effects they attribute to competitive tendering are statistically significant, and only four of the empirical tests control for other influences on expenditure and efficiency. Furthermore, the measures of spending and service quality are questionable.

#### (a) Sparsity of evidence

A comprehensive set of evidence on competitive tendering would cover all relevant services in a large number of local areas (ideally, all councils or a representative sample thereof). By these criteria, the available evidence is sparse.

First, four of the six studies which find higher efficiency deal exclusively with refuse collection. The only study which covers all eight of the CCT services specified in the 1988 Local Government Act is Walsh and Davis (1993). Their results show that the expenditure reduction in refuse collection is higher than the average for other services. Indeed, CCT appears to lead to additional spending in street cleaning and some aspects of catering. Furthermore, in each service area there are examples of substantial cost increases as well as decreases (see table 2). Thus figures for average savings from CCT seem to be biased upwards by the emphasis on refuse collection, and disguise the fact that, in some councils, competition has imposed extra financial burdens on local taxpayers. This finding is inconsistent with the view that local bureaucrats are uniformly powerful, extravagant and inefficient in the absence of competition.

Secondly, the sample size in the empirical studies varies from one (Cope 1995) to 367 (Szymanski and Wilkins 1993). The representativeness of the

TABLE 2 *Changes in service costs as a result of CCT*

	number of contracts	mean change in costs %	minimum %	maximum %
Refuse collection	22	-11.3	-33	+15
Street cleaning	20	+2.6	-31	+63
Building cleaning	25	-12.7	-49	+16
Catering (education & welfare)	18	+2.8	-8	+25
Catering (other)	18	-4.9	-27	+19
Vehicle maintenance	20	-1.3	-23	+48
Grounds maintenance	69	-10.9	-50	+19
Leisure management	21	-5.0	-29	+16

Source: derived from Walsh and Davis 1993.

results from small samples is simply not known. This is an especially severe problem in the studies that do not apply tests of statistical significance to the relationship between competition and service spending, quality or efficiency. It is possible that the observed variations in these aspects of local service production are no more than random fluctuations across councils or over time. Furthermore, the actual sample size for some of the key issues concerning competitive tendering is substantially below the 'headline' figure. For example, Chaundy and Uttley (1993) received responses from 37 councils on the impact of competition on refuse collection. However, only 14 councils provided information on cost savings, and only 7 responded to a question concerning transaction costs.

### (b) Expenditure

The measures of expenditure in the empirical analyses refer narrowly to the direct cost of service production: that is, the funds allocated in the local authority budget to a specific item (for example street cleaning, vehicle maintenance). Only two studies take explicit account of transaction costs (Chaundy and Uttley 1993; Walsh and Davis 1993). Nor has there been any assessment of the displacement of resources from service provision to rent-seeking as a result of competitive tendering. In addition, there is no measure of the *actual* change in direct service costs in some studies. Instead, the expenditure out-turn in the year prior to CCT is compared with the price of service provision *estimated* in the successful tender (for example Cope 1995; McMaster 1995). The impact of competition on the eventual reduction in the real cost of services is therefore unknown.

Even if such problems are set aside, the empirical evidence takes no account of the consequences of competitive tendering for spending on other local or national services. Are expenditure savings passed back to the local community as a tax cut, or retained within the council budget? If competition does result in lower local taxes, is this offset by higher national taxes? Part of the 'efficiency gain' from competitive tendering is a result of the employ-

ment of fewer staff (Cutler and Waine 1994). Many of the people who have been made redundant are unskilled and therefore unlikely to have found jobs elsewhere, especially during a period of high unemployment. It seems probable, then, that part of the local saving from competitive tendering is offset by an extra burden on the national social security budget. This reflects a wider problem with the introduction of market forces into the public sector. As in the private sector, competition can lead to negative externalities which impose costs on other organizations. Such indirect effects of competitive tendering may be regarded as an example of 'quasi-market failure'.

### (c) Quality

The operationalization of the concept of service quality is complex. Reeves and Bednar (1994) note that quality has been variously defined as 'value', 'conformance to specifications', 'conformance to requirements', 'fitness for use', and 'meeting or exceeding customers' expectations'. They argue that 'no one definition of quality is "best" in every situation because each definition has both strengths and weakness in relation to criteria such as measurement and generalizability, managerial usefulness and consumer relevance' (Reeves and Bednar 1994, pp. 427–8). Furthermore, perceptions of the quality of public services are likely to vary *between* politicians, professionals, taxpayers and consumers, and *within* each of these groups (Walsh 1991). Thus service quality is multidimensional, and there are many 'stakeholders' with different perceptions of any single dimension. The implication is that the measurement of quality in studies of competitive tendering needs to be comprehensive and sophisticated. However, the operationalization of the concept of quality is usually narrow and crude.

The actual level of service quality is simply not measured in most of the studies. Rather, service standards before competitive tendering are compared with the standards *specified* in the new contract. There are two problems here. First, the quality of service produced after competitive tendering is unknown. As Syzmanski (1996, p. 13) concedes, 'quality may fall following the introduction of competitive tendering even if the specification of the service is raised ... on the other hand, quality may rise even if the contractor defaults on the contract specification, because the achieved standard is still better than what went before'. In other words conclusions on efficiency cannot be drawn from studies which use measures of quality derived from *ex-ante* service specifications (see Domberger *et al.* 1995). A second problem is that only some aspects of services are taken into account when quality is assessed on the basis of the contract specifications. For example, studies of refuse collection typically use two indicators of quality: the frequency and method of collection (front or back door). However, the Audit Commission has identified a further eight dimensions of the quality of the refuse collection service (Boyne 1997).

Some studies seek to evaluate quality on the basis of achievements rather than contract specifications (McMaster 1995; Walsh and Davis 1993). How-

ever, the measure of quality after competitive tendering is based solely on the views of service managers, whose perceptions of the change in standards may be remote from the experience of direct consumers or the views of the wider public. Moreover, none of the studies attempts to identify whether elements of service provision were 'lost' as a result of competition. However, there is evidence that staff have abandoned functions which are no longer their formal responsibility (McIntosh and Broderick 1996). This seems to be partly attributable to the loss of trust between principals and agents as a result of greater formal monitoring after CCT (Davis and Walker 1997).

#### **(d) Controls for other variables**

An ideal test of competitive tendering would examine its effects when other influences on expenditure and technical efficiency are held constant. For VCT, a cross-sectional research design may produce satisfactory evidence: areas with and without VCT can be compared in order to identify the net effect of competition when other relevant variables are controlled. For CCT, by contrast, cross-sectional studies cannot be used. Instead, it is necessary to employ a longitudinal research design because all local councils are affected by CCT at roughly the same time. When this method is used, however, it is still important to control for other variables which may influence temporal changes in councils' behaviour.

Five of the nine empirical studies use a simple bivariate method to evaluate competitive tendering (Chaundy and Uttley 1993; Cope 1995; Hartley and Huby 1985; Knox and Young 1995; Walsh and Davis 1993). This approach assumes that any observed changes in expenditure or efficiency are solely (or largely) attributable to the introduction of competition. For example, Chaundy and Uttley's (1993) longitudinal analysis implies that CCT has produced greater efficiency in refuse collection. However, the efficiency of this service was improving before the introduction of CCT, and even before there was much VCT. Between 1979 and 1984, unit costs in the refuse collection service fell by 25 per cent (Audit Commission 1984). It is therefore possible that at least part of the improvement in efficiency which Chaundy and Uttley attribute to CCT would have occurred anyway. More broadly, there were general pressures on local government during the late 1980s and early 1990s that may have resulted in lower expenditure and higher efficiency, for example fiscal stress and the publication of performance indicators. A claim that the observed changes in local authority behaviour are attributable to CCT is naive. At the very least, it needs to be demonstrated that improvements in efficiency in services subjected to CCT were greater than in other services.

Even the multivariate studies of competitive tendering have weaknesses. For example, local service needs and financial resources have important effects on local spending (Boyne 1996b), but these variables are omitted from the statistical models (for example Szymanski and Wilkins 1993). Moreover, some studies take no account of variations in party political con-

trol which, as noted above, have a significant influence on local expenditure decisions (for example Domberger *et al.* 1986). The implication is that the coefficients on the measures of competition may be biased by the omission of such variables. Strong conclusions on the impact of competitive tendering are therefore inappropriate.

### III BEST VALUE AND THE ASSESSMENT OF COMPETITIVE TENDERING

The precise role of competitive tendering in the Best Value regime for local authorities is not yet clear. The Labour government's policy statements on the new arrangements appear to contain a tension between 'abolishing CCT' and retaining competition as a mechanism for enhancing performance. For example, according to Labour's '12 principles of best value', once the new policy is in place 'there will be no general requirements for councils to put their services out to tender': on the other hand, 'competition will continue to be an important management tool, a test of Best Value and an important feature in performance plans' (Welsh Office 1997, p. 19). Thus competitive tendering is likely to remain in some form, even though 'compulsion' may be replaced by 'exhortation' from central government and by direct pressure from local auditors who will have a duty to 'report publicly on whether Best Value has been achieved, and . . . contribute constructively to plans for remedial action' (Welsh Office 1997, p. 19). It is therefore necessary to consider the theoretical issues that future studies of competitive tendering need to address, and the methodologies that should be employed.

The removal of the compulsory element of competitive tendering is likely to lead to greater variety in the arrangements for local service delivery. Some councils may seek to demonstrate that they are providing best value by market testing their services, but others may emphasize different procedures (for example benchmarking against the standards achieved by other public or private organizations, and comparisons of performance with other councils that face similar problems). Such variations in local authority behaviour will allow both the causes and consequences of competitive tendering to be investigated.

Under CCT, the causes of competition were located at the national level because councils were left with no choice but to seek external bids for the production of the services specified by legislation. If competitive tendering becomes voluntary, however, it will be possible to identify the local circumstances that lead to variations in methods of service production. The 'markets and hierarchies' perspective of Williamson (1975) suggests that such decisions can be explained on the basis of technical efficiency. In other words, the most efficient solution to problems of service production will vary across services and geographical areas, and local councils can be expected to react accordingly. This interpretation of local authority behaviour is, however, far too narrow: it ignores the range of socio-economic and political variables that constrain local production choices. Empirical studies

in the USA have analysed a number of influences on local decisions to contract-out. These include fiscal stress, the preference of constituents and pressure groups, the power of municipal employees, and the ideological dispositions of local politicians (see Boyne 1998). It is possible that similar variables will explain geographical variations in competitive tendering and contracting out in the UK.

Two main theoretical issues on the effects of competitive tendering remain to be resolved. First, and most straightforwardly, what are the relative merits of competitive tendering and monopoly supply by public agencies? In order to provide satisfactory evidence on this issue it will be necessary to remedy the methodological deficiencies in the existing empirical studies. Most importantly, valid and comprehensive measures of service expenditure and quality need to be employed; account should be taken of transaction costs, trust costs and rent-seeking costs; and other influences on local authority spending and efficiency must be held constant in the statistical models that seek to estimate the effects of competition. Furthermore, a greater effort should be made to distinguish the effects of *contestability* (the decision to seek tenders from external suppliers) from actual *competition* (the receipt of alternative bids to run a service).

A second theoretical issue concerns the explanation of differences in the impact of competitive tendering between services and across local areas. Even if public choice hypotheses on the effects of competition turn out to be broadly correct, the size of expenditure cuts or efficiency gains is unlikely to be constant in all local functions or all councils (as indicated, for example, by the results summarized in table 2 above). Reasons for variations in the consequences of competitive tendering are implicit in classical public choice theory, but have not previously been identified explicitly.

One important influence on the impact of competition may be the extent to which local agencies fit the public choice definition of a bureaucracy. According to Niskanen (1971), a 'pure' bureau is a monopolist that completely controls the market for a service, and relies entirely on funds supplied by a political sponsor rather than payments received from individual customers. Public agencies that possess these characteristics should be affected strongly by the introduction of competitive tendering. By contrast, the behaviour of organizations which operate in a market that contains other suppliers, or which receive a substantial part of their revenue directly from paying customers, may be altered little by market testing. For example, even prior to CCT, substantial private markets for catering, cleaning and vehicle repair existed alongside public producers; and some services such as leisure centres received revenue from user fees.

The effects of competitive tendering may also be contingent on other forms of competition in local government systems. The structure of the market for service production is not the only source of competitive pressures on local authorities. Other forms of competition that are emphasized by public choice theorists include the contest between parties for political

power, and rivalry between local authorities for economic development and financial resources (Boyne 1996a). These forms of competition are strangely neglected in classical public choice models of bureaucratic behaviour. For example, Downs, arguments on bureaucracy ignore his own previous work on party competition which implies that politicians who are seeking to maximize votes are unlikely to tolerate massive inefficiency (Downs 1957). The selfish officials described by Downs (1967) seem to exist in a parallel political universe where there is no electoral competition. The potential impact of inter-authority competition on bureaucratic behaviour is recognized by Niskanen (1971). He argues that in a highly fragmented local government system 'competition among local governments . . . assures that the combination of services will be responsive to the preferences of residents and that the services will be supplied at near the minimum cost' (Niskanen 1971, p. 155). However, the implications of this point for policies on competitive tendering are not developed.

If competition between political parties and between councils is effective, then local service producers may already be highly efficient. In this case, the effects of competitive tendering on spending and efficiency may be minor or even insignificant. By contrast, where party competition and inter-authority competition are weak, the potential impact of external bids for service contracts may be strong. These additional forms of competition are geographically variable in the UK. Since the 1970s the level of party competition has been highest in the non-metropolitan counties and lowest in the major urban authorities (Boyne and Ashworth 1997). The conditions for vigorous competition between local councils are generally absent in the UK: the historical trend has been towards consolidation and concentration in the structure of local government (Boyne and Cole 1996, 1998). Nevertheless, this form of competition may impose broad limits on bureaucratic behaviour, especially in compact geographical markets such as London where fiscal migration is feasible (John *et al.* 1995).

In sum, classical public choice theory does not imply that equal results can be expected from competitive tendering in all services and in all parts of a local government system. Rather the effects of tendering are likely to vary with the market power of local service producers, the source of their revenue, the strength of competition between political parties, and the intensity of rivalry between local councils. Future analyses of the role of competitive tendering within the Best Value regime should include these variables in their statistical models of local authority spending and efficiency.

## CONCLUSION

Classical public choice theory suggests that the selfish motives and monopoly powers of bureaucrats lead to oversupply and inefficiency in the public sector. A remedy for these problems, it is argued, is the introduction of competition into public services. Competition does not transform the motives of officials, but it does remove their monopoly power and forces

them to pay attention to the public interest rather than their private interests. It follows that the imposition of competitive tendering can solve part of the 'monitoring problem' in the public sector by revealing alternative prices for providing services, and thereby lead to lower spending and higher efficiency. However, criticisms of these arguments suggest that bureaucratic happiness is not synonymous with budget size, and that the scope for inefficiency is constrained by political and market forces. Moreover, competitive tendering may impose new burdens on public services, for example transaction costs, trust costs and rent-seeking costs. Taken together, these criticisms of classical public choice theory imply that a combination of self-interest, contracts and competition may lead to excessive expenditure and inefficiency.

As there is no clear-cut theoretical rationale for or against CCT, guidance on its effects must be sought in the results of empirical studies. However, the evidence on competitive tendering in UK local government is sparse and methodologically flawed. The measures of expenditure and quality are poor operationalizations of the theoretical constructs, and a majority of the studies fail to control for other influences on spending and efficiency. More comprehensive and more accurate evidence on the impact of competitive tendering is clearly required. This could influence the Labour government's decisions on the appropriate components of Best Value, and help councils to select a method of service production that fits their circumstances and objectives. For the present, however, it must be concluded that neither the initial imposition nor the likely abolition of CCT can be traced to a solid foundation of theoretical or empirical support.

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# INDIRECT CAUSES AND EFFECTS IN POLICY CHANGE: THE BRENT SPAR CASE

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GRANT JORDAN

This article discusses the occupation of an oil-related structure called the Brent Spar in the British sector of the North Sea by Greenpeace protesters in 1995. Shell intended to 'dump' the buoy in the deep North Atlantic. The aftermath of the occupation and associated publicity was a change of policy about the disposal of the Spar by Shell, Europe's largest multinational company. The article considers alternative explanations for policy change – most importantly the influential propositions by Baumgartner and Jones (1993). The general importance of their work means that the opportunity is taken to set out their themes at some length, but the particular case suggests that their notion of change stemming from a redefinition of the problem may only imperfectly fit *sudden* policy changes of the Brent Spar type. The article argues that their 'venue shopping' concept better illuminates the case – but the significant venue change was geographical – i.e. from Britain to Germany – rather than institutional – i.e. from a policy community to an issue network. The case study superficially accords with an influential body of literature in the 1980s and 1990s that sees outcomes as changing through the mobilization of a wider range of participants in issue networks, but it is argued that there is no automatic link between an expanded roster of participants and outcomes if the decisive decision-making power is retained in the original closed system. The case study suggests there can be an *illusion of an issue network* when the dominance of a policy monopoly is publicly challenged – but where decision-making power is retained among original participants.

In 1995 Greenpeace occupied a redundant oil loading facility called the Brent Spar that Shell intended to sink in the North Atlantic. This act prompted a series of events that culminated in the decision by Shell to abort the deep sea disposal. After an extensive and expensive policy review process that involved input from numerous interests, in January 1998 it was announced that the structure would be re-used by cutting it into cylindrical sections which would be used to build a quay extension in Norway. Arguably the Brent Spar incident has had a disproportionate impact not only in the oil industry but throughout business. Lord Melchett of Greenpeace in the UK has discussed how, 'Shell's decision not to dump is rightly regarded as a *defining moment* for the environmental movement' (emphasis added).

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If this is thought to be a rather extravagant bit of self promotion by Greenpeace, it is worth noting that after the policy change a senior Shell Expro representative said, '... we will also pay much more attention to listening and consulting people about the many issues involved, and to gaining their confidence and trust. The Brent Spar is no longer just a North Sea installation, *but a unique and defining event*' (Institute of Petroleum Conference 22 February 1996). By 1996 statements linking Shell's reversal of Brent Spar policy to a general business reappraisal of the importance of environmental considerations were commonplace. For example, *The Guardian* (23 May 1996) claimed, 'British business is turning greener as the Brent Spar fiasco ... helped to push environmental issues way up the corporate agenda.'

It is our expectation that the power of business will prevail that makes the Brent Spar story particularly interesting. It is hard to accommodate the 'privilege of business' with the apparent environmental group success. A Conservative government minister was quoted in the press saying, 'If Shell cannot outface Greenpeace, who can?' Hugo Young commented, 'One vast oil company and several democratic leaders, accustomed to agreeing and deciding, have been intimidated into reversing themselves by a single pressure group.' (*The Guardian* 22 June 1995). However, the main thrust of this article is that the link between the actions of Greenpeace (with their redefinition of the problem) and the spectacular policy change, was far more indirect than first appears. This is not a simple story of group success, but requires the rehearsal of complex connections between group actions and actual outcomes.

### THE BASIC PICTURE

The Brent Spar, a storage and loading buoy (not a rig or platform) was put in place in 1976. It was taken out of commission in September 1991. It is 141 metres high and weighs 14,500 tonnes. A basic issue is whether the Brent Spar was a precedent or not. Greenpeace argued that the issue was not simply the fate of the Brent Spar, but what happened to the other structures that would in time require to be abandoned. Shell argued that most other North Sea installations are comparatively simple to deal with in that they are small enough to bring ashore and are located in relatively shallow waters. Moreover, International Maritime Organisation guidelines say that all structures in less than 75 metres and weighing less than 4,000 tonnes must be removed. For Shell the Spar was more or less a one off.

Shell commissioned extensive and expensive research as part of developing its proposal to the Department of Trade and Industry (DTI). The proposal was put forward in the form of a Best Practicable Environmental Option (BPEO) – an approach first used by the Royal Commission on Environmental Pollution (RCEP) in 1976. The Brent Spar Abandonment BPEO and the Brent Spar Impact Hypothesis were submitted to the DTI in October 1994. The requested approval for 'dumping' in the North Atlantic was given on 16 February 1995. The cost of deep sea disposal was given

as £12m while on-shore recycling was estimated at £46m. However, deep sea disposal was also seen as being safer as well as cheaper – and with environmental advantages in avoiding risks of coastal and onshore pollution in bringing the structure ashore. The planned final location of the Brent Spar was 150 miles off the west coast of Scotland at a depth of 1.5 miles.

Shell's first instinct in looking at the abandonment had been to bring the Spar ashore. The challenge lay in getting it out of the water to either dismantle it *in situ* or to move it to another site. A plan was developed to fill the hull with an inert gas so that it could be tipped up and towed in a near horizontal position, but structural analysis revealed that the buoy (weakened when being put in place) might break up in the environmentally sensitive, shallower, coastal waters. Ironically, it was not the massive size of the Brent Spar that in Shell's view prevented it from being brought ashore, but its fragility. Deep sea disposal was seen as posing few technical problems as there was no need to lift the structure out of the water (not only dangerous, but expensive in terms of cash and energy).

The controversial occupation of the Brent Spar by Greenpeace took place on 30 April 1995. The decision to abandon deep sea disposal was made by Shell on 20 June 1995. Shell's version of events was that, 'Careful analysis of environmental, safety, health and economic considerations had convinced independent experts, Shell UK, and the British government that this was the best option. An emotive Greenpeace campaign gave it symbolic significance beyond any rational, scientific calculation of its impact. Political and public pressure on Shell companies on the Continent, and the growing safety threat, forced Shell UK to abort its plans' (Shell briefing document 27 July 1995).

### THE INITIAL 'DUMPING' DECISION: POLICY COMMUNITY CONTROL

Students of policy making would not be surprised that the Department of Trade and Industry agreed with Shell's proposals to 'dump' the Brent Spar. There is a strong tendency for the development of stable sub-governments or policy communities between parts of the bureaucracy and client interests. Dudley and Richardson (1996, p. 571) are correct to say that this is not inevitable and that a minister can *choose* to take up the cause of previously excluded interests, but this was not the case with the then Conservative Oil Minister, Tim Eggar, in connection with the Brent Spar. Nor was it the case when the Labour government took power in 1997. Fairly predictably, the Environment Minister, Michael Meacher, took an apparently environmentalist position with a key line at the 1997 Labour Party Conference: 'There will be no more Brent Spars' under Labour', but industry and DTI have argued there was no new policy and case-by-case decisions would continue to be made. In early 1998 the DTI was still pressing for automatic rights to be granted to dump anything located in over 75m (Rose 1998, p. 36). How-

ever, even if an individual minister maintains a clientelistic view, governments can also choose which policy communities to prefer. Thus a decision that is adverse to the interests of the oil industry might mean that another sort of environmental clientelism is preferred. Indeed a decision not to allow dumping was also very good news for parts of industry, namely those who stood to get decommissioning contracts.

In these private worlds there is a broad sharing of a sense of what is important. As argued by Jordan and Maloney (1997), these policy-making arrangements generally have the following features – *bargaining in sectoral environments; predictable and enduring coalitions; substantial agreement on problem definition; low public profile (visibility) of decisions; well-defined jurisdiction over relevant decision area; low party political attention level; narrow and low scope of conflict within the community; a small number of participants; and restricted access for dissenting perspectives*. A commonplace (and misplaced) criticism of the policy community sort of analysis is that it is poor at explaining policy change. The explanation of change is of course important, but it is unlikely to be accomplished within the boundaries of a discussion of statics – an explanation that needs to be fairly judged in terms of our comprehension of inertia rather than movement.

It is possible to present the close relationship that develops between major corporations and their sponsoring departments in terms of 'capture' of the latter by the former, but a series of other reasons for closeness can be advanced – based on the fact that the corporation helps the department secure goals such as provision of employment, generation of taxation, and export sales. In effect the two 'partners' are exchanging mutual assistance. Moreover, much of what goes on in these policy communities is of limited general interest – though they might be of great importance to those with an, often financial, stake. So there is a tendency to bias that stems principally from self-selection. The tendency is that active participants will benefit from the policy. The closeness of the relationship in these sorts of arrangements is implied by the popular use of the *iron triangle* label which suggests that government officials, politicians and relevant interest groups often effectively determine policies without the intervention of competing viewpoints. These kind of arrangements are seen by Baumgartner and Jones (1993, p. 238) as producing *structure-induced equilibria*. The emergence of these policy communities is, according to Baumgartner and Jones (1993, p. 236), because, given the myriad of problems facing all complex societies, issues must normally be allocated to policy sub-systems as a response to complexity. They say, 'Parallel processing (i.e. within diverse communities) is necessary for any system to handle many issues simultaneously ...' (see also Browne 1991, pp. 500–02).

Reinforcing the tendency for a DTI/Shell relationship to produce solutions that suited the client interest, there was a particular facet of the Brent Spar circumstances that pushed the government to favour a pro-dumping solution. (DTI/Shell correspondence reveals that MAFF and the Scottish

Office were far more critical of the dumping option than DTI/Treasury.) As Shell could 'pass on' costs to the government through using tax reliefs, the DTI actually had a bigger stake in 'cheapness' than did Shell. Moreover, if government was prepared to finance the more expensive solutions for the Brent Spar, they would have to do so for all the other installations – not just the small number with which Shell was dealing.

The traditional tool kit of ideas about parties, programmes, elections seems substantially irrelevant in describing such policy change. Baumgartner and Jones's language and orientation seem closer to events. They (1993, p. 235) discuss 'institutional disruption' and how, 'Experts in all areas spend much of their time convincing others that "outsiders" are not qualified to make decisions in a given area.' The argument is often that the questions to be decided are highly complex technical matters; that 'the decisions being made have few social impacts, or that those social inputs are neutral or unavoidable' (1993, p. 6). They observe (1993, p. 236) that changes are 'often the results of the efforts of mobilization by those who were not favoured by the policy systems while the issue was limited to expert analysis inside the subsystem'. Yates (1982) has also discussed the creation of policy subgovernments as the development of (*de facto*) 'guild professionalism': this refers to the way in which experts begin to treat problems as private territory. He noted that, 'To the extent that a policy area is dominated by a particular professional group, the group will attempt to enforce its own norms, values and professional language and will seek to confine participation in the policy-making process to fellow professionals.' This is not (at least not only) a pattern where those with a particular viewpoint and expertise are seen as having valid information and others disregarded because 'they do not understand the issues' or 'do not have the full picture.' The exclusion is justified not because outsiders are 'wrong', but because they seem less well informed.

To those participants not involved in the sort of 'cozy arrangements ... that prevent change' as described by Baumgartner and Jones (1993, p. 235), the original Spar decision process seems like a policy of exclusion to protect particular interests, but those active in the decision process believed that they were best placed to take decisions. Moreover, access to the correspondence between Shell and the DTI shows that what appeared to be cosiness to outsiders seemed to Shell to be a burdensome and expensive process of compliance. Significantly the minister, Tim Eggar, argued that it had been very difficult to have a public debate about decommissioning *because there was very little interest in the issue* (HL Paper 46, p. 34, 20 February 1996). Shell have similarly claimed, 'Decisions were neither made suddenly nor in secret. Material was available to the public and the media but *no one showed any interest*; granting the licence to sink the Spar was covered in the press but in only a few lines because the media decided the story was boring.' It is of course in the interests of those favoured in policy communi-

ties to assert that policy dealt with is uncontroversial – whether in objective terms it is or not.

Yates (1982, p. 89) also characterizes this kind of policy making as being subject to only sporadic press attention, 'Most bureaucratic decision making unfolds over a long period of time, is presented in a technical or highly detailed form, and is not particularly dramatic . . . What is needed is a crisis or a scandal or a dramatic failure in policy to make an arresting story.' The relevance to the Brent Spar is clear: until Greenpeace manufactured 'news' there was no press or public interest. Within policy communities the priority is to avoid public 'noise'. Yates (1982, p. 86) refers to *silent politics*. In party political decision-making participants try to *accentuate differences* in their stances, but in interest group politics the stress is on making decisions seem minor and of restricted interest. To claim that an issue is of great significance will force it on to the political agenda. So if concessions are being sought they will be normally presented as being in line with established policy.

Baumgartner and Jones (1993, p. 8) concluded, 'Behind a wall of institutional arrangements designed with their help, and with a public or an official image also created by their own efforts, some policy experts enjoy tremendous freedom of action, seldom being called upon to justify their actions in terms of broad public accountability.' They (1993, p. 7) observe that these policy monopolies are structures that limit access to favoured insiders, but they also note that 'a powerful supporting idea is associated with that institutional arrangement'. These arrangements could not be easily sustained in modern democratic polities if their only justification was the narrow interests of the privileged participants. Baumgartner and Jones (1993, p. 7) argue that these 'buttressing policy ideas are generally connected to core political values which can be communicated directly and simply through image and rhetoric. The best are things such as progress, participation, patriotism, independence from foreign domination, fairness and economic growth – things no one taken seriously in the political system can contest'. In the Brent Spar case the public language of Shell was focused on technical criteria, but government spokesmen were prone to use Baumgartner and Jones-type propositions – especially growth, progress and the 'foreigner factor' – in defence of dumping. *The Independent* (20 June) reported 'British officials' claiming in a peeved manner that 'Germany dumps just the same sludge out of the Rhine into the North Sea, containing just the same metals as the Brent Spar. Fifty per cent of the pollution in the North Sea comes from the Rhine – which, as far as one knows, isn't a British river'.

The initial permission by the DTI to Shell to allow the 'dumping' of the Brent Spar can be seen as an example of a subgovernment in practice. Even if the Brent Spar was initially a minor issue in terms of political significance at governmental level, it was still important for the industry. A United Kingdom Offshore Operators' Association (UKOOA) estimate is that the



total cost of decommissioning in the UK sector will be £5bn with £1.6bn on the first 50 installations due to be removed by 2006. The oil industry position was essentially that the decision was important for them – but of little interest to anyone else. Greenpeace was to argue that in fact it was of much broader importance.

### POLICY CHANGE: EQUILIBRIUM PUNCTUATED

The previous section sees the original 'dumping' decision as the almost inevitable consequence of a predictable closeness between the relevant part of the bureaucracy and its clients. In that style of analysis the permission to dump was predictable. While the original decision was in line with this well-established understanding of policy making, the reversal is perhaps in line with more recent discussion. As Baumgartner and Jones point out (1993, p. 4) some outcomes stem from the emergence of structural arrangements of the subgovernment type, but attention also has to be paid to the decay of such systems. They borrow the important point from the study of evolution to say that in policy making there are periods of stability which, however, are interrupted by important transformations – *punctuated equilibria*.

The policy community/sub-government/subsystem approaches had a textbook dominance in the 1960s and 1970s, but in the past two decades many empirical studies found policy making more conflictual and complex. The key alternative formulation that captured this tendency to disorderly policy making was from Hecló in 1978 when he coined the *issue network* label. Hecló (1978) stressed the *disintegration* of the iron triangle pattern of closed politics among predictable participants. Most empirical research in the UK and the US in the late 1980s and 1990s has taken its cue from Hecló, highlighting *issue fragmentation* and a lack of a dominant core of actors within policy sectors. Berry (1994, p. 1), for example, notes that, 'Interest group scholars have amply documented the transformation of interest group politics from "iron triangles" and "sub-governments" to issue networks'. Berry (1989, pp. 239, 243, 246) argues that the alteration/destruction of policy communities makes both bargaining and co-ordination more complex (among an expanded range of participants) and more difficult. Salisbury *et al.* (1992, p. 49) also suggest that the sub-government sort of approach is too rigid in its imagery to be useful. They found 'large concentrations of groups and officials, most of which are too large, too heterogeneous, and too unstable in their linkages to qualify as real networks, and certainly not as old-fashioned triangles.' Bosso's (1987, p. 244) study of pesticides shows an explosion of organizations and interests active in the field. He records that:

The resulting expansion in the number of policy claimants produces uncertainty and conflict, greater complexity, and protracted delay, since the formerly stable set of actors and procedures no longer control the parameters of policy making in this issue area . . . . These new policy-

making configurations, however are likely to be less exclusive and more permeable than their predecessors' (Bosso 1987, p. 8).

Chris Rose, Deputy Director of Greenpeace UK, (1998, p. 22) has noted that in an obscure area of policy such as decommissioning, the 'lead Department would normally exert overwhelming influence, little troubled by outside influences, including politicians.' But he went on, 'Once any area of policy becomes a matter of great public interest, things change.' The Brent Spar case (after the Greenpeace occupation) seems to fit broadly, in line with Rose's prediction – the pattern that decisions in issue networks are less and less likely to be made in semi-private worlds of policy communities and were increasingly likely to be dealt with in arrangements where there was no history of negotiation among the leading players and no shared values. The central assumption in the newer literature is that if policy making arrangements change then different outcomes are likely to follow. As Jones (1994, p. 159) observed, policy making within subsystems is generally stable and incremental, and conservative rather than radical: the implication is that different structures permit different outcomes.

Baumgartner and Jones point out (1993, p. 8) that those originally favoured are likely to bring superior resources to the contest, but they go on (with remarkable aptness for this case study) to point out that in the battle of political wits the victory of the economically powerful is not to be taken for granted. They say:

The skills and resources useful in private negotiations may not be the same as those in public debates. Technical expertise, inside contacts, and legal skills may prove to be of no value where an emotional public media campaign is waged. So if the challenging group is able to choose an arena where its special skills are reinforced and where the skills and resources of opponents are rendered useless, then it may win.

## EXPLANATIONS FOR CHANGING POLICIES: REVERSING THE POLICY COMMUNITY ACCORD

### Pressure group success

This article advances several putative explanations for the policy reversal. The first, and one that superficially seems to be adequate, is that Shell changed policy *because Greenpeace occupied the Brent Spar*: there was political action and a response. This case seems like a classic and simple case of interest group pressure and success. In fact within Shell UK – and most obviously within British government – the occupation tended to reinforce the commitment to deep sea disposal. Government ministers saw the Greenpeace efforts as a challenge to which they were not prepared to accede and 'macho' political determination developed. So the *occupation was in itself not an explanation* and a more circuitous account of change is needed. Chris Rose of Greenpeace has noted that 'Sometimes you win with an

action – directly determining the outcome. Sometimes you lose and win later by losing.’ The former is a version of the basic pressure group explanation, but the latter is more of the Brent Spar type. ‘Losing’ the occupation of the platform helped generate opinion changes about deep sea disposal and mobilize other opinion that was already sympathetic to Greenpeace views.

### Changing the definition: (i) Replacing the conceptual lens

A second (and far more plausible) ‘explanation’ of the policy change is that *the issue was redefined by Greenpeace* and the policy changed accordingly. Baumgartner and Jones (1993, p. 11) argue that another way of saying that an interest is a ‘winner’ is that it prevents the emergence of alternative understandings of issues. Alternatives emerge through the success of new definitions in gaining currency. Greenpeace and Shell defined the issues in such different ways and so conflict was inevitable. Before the challenge from Greenpeace the issue was primarily regarded as an industry matter. The oil companies acknowledged that there was an obligation under the 1958 Geneva Convention to remove all apparatus and restore the sea bed to the *status quo ante*. However, in the eyes of the industry this provision had been overtaken by events. The 1958 position assumed that oil structures were comparatively small and operating in shallow waters. The industry considered that the fact much larger structures had been developed for deep water exploration and production meant that for practical reasons the 1958 policy had to be sensibly amended (as it was through the IMO guidelines of 1989).

This appreciation is reasonable in its own terms, but Greenpeace was operating with a different logic pushing in the opposite direction. They saw the history of the law of the sea as being in the direction of progress with an expansion of prohibitions on dumping: changes that made deep sea disposal even less acceptable over time. When the 1972 Oslo Convention was introduced there was a considerable volume of industrial waste, sewage sludge and dredged spoils being dumped, but the convention encouraged disposal on land. A report by the Parliamentary Office of Science and Technology in 1995, argued, ‘This trend has been strengthened by agreements at the North Sea Conferences and has led to industrial waste dumping being phased out altogether this year, and an agreement to phase out sewage sludge by 1998.’ Greenpeace could point to an apparent international acceptance that the sea was not a location for waste disposal, and the idea that exceptions for the oil industry were to be made because things were *larger* than expected in 1958 was ludicrous from that starting point.

This stand-off between Shell and Greenpeace is what Baumgartner and Jones (1993, p. 107) refer to as ‘noncontradictory argumentation’. They say, ‘Policymakers often challenge the accuracy of their opponents’ facts; however, it is generally more effective in a debate simply to shift the focus.’ The *change based on redefinition* perspective principally derives from

Schattschneider's significant argument in the *Semisovereign People* (Schattschneider 1975, p. 66). There Schattschneider argues that '*the definition of alternatives is the supreme instrument of power*' (italics in original). He argued (1975, p. 68), 'Political conflict is not like an intercollegiate debate in which the opponents agree in advance on a definition of the issues.' The Brent Spar controversy was, in Schattschneider's terms, about definitions of the argument. Greenpeace was not trying to argue for the best solution to oil industry problem: they were starting from what was good for the marine environment. The desirability of alternative courses of action were determined by the prior assumption of the nature of the problem held by observers. This point is similar to Hall's (1993, p. 290) proposition that organized interests and parties can influence outcomes by influencing the 'political discourse of the day'. Shaping the way in which issues are discussed, can shape outcomes. As will be expanded upon below, the redefinition of alternatives is linked to a redefinition of which participants are relevant. Jones (1994, p. 182) argues that the purpose of this activity by policy entrepreneurs is to bring into the debate the previously disinterested.

#### Changing the definition: (ii) Changing symbols and language

The Brent Spar policy change *possibly* stemmed from the successful generation of a different world view and definition. This explanation still seems to be inadequate as a causal relationship: *why* did this new definition come to take precedence? Here there is an interplay between definitions and the changed political relevance of those holding the definitions. The Greenpeace interpretation was not new – it had been important within Britain since their campaign against the dumping of radioactive waste in 1978 (using tactics similar to those adopted on the Brent Spar). What was new in 1995 and accounts for the Shell policy change is that Brent Spar policy – after the Greenpeace intervention – was no longer being made in a forum (DTI/Shell policy monopoly) that resisted the Greenpeace 'framing' of the issue. The expanded audience for a Greenpeace version of events came from the broad acceptance of their way of looking at things that used a different language and repertoire of symbols to re-shape perceptions.

Shell's portrayal of the issue was that it was environmentally trivial – in the words of one of their staff the matter was like disposing of a 'nail in Loch Ness'. Their emphasis was on the potential dangers in bringing the structure ashore. Greenpeace, however, repeatedly gave a visual image of a village pond full of rusting, wrecked cars – with the implication that if the Brent Spar was 'dumped' then the sea would soon be literally full of industrial detritus abandoned irresponsibly by selfish industry. (The image of a litterbin was also used frequently: good 'citizens' did not casually throw unwanted goods away.) Indeed it might be argued that Shell was in political difficulties as soon as the fate of Brent was widely termed 'dumping' rather than the neutral 'disposal'. Moreover, as a second dimension, Greenpeace repeated the key word 'toxic'. The disposal of the Brent Spar

would, in this light, in itself be an environmental outrage. (This toxic threat argument also came in two less dramatic versions: firstly, that the consequences were unclear and so the 'precautionary principle' implied that dumping should not be carried out; secondly, that the Brent Spar was not in itself a great threat, but the precedent it allowed for oil and other industry was vital.)

Greenpeace here perhaps had the advantage of public scientific ignorance. They produced a three page document (undated) in April that termed the Brent Spar a 'huge, heavily contaminated oil installation'. Under a prominent heading 'TOXIC INVENTORY – toxic and radio active wastes' it stated that, 'The Brent Spar is laden with over 100 tonnes of toxic sludge and more than 30 tonnes of radioactive scale. This cocktail contains many toxic, persistent and bio-accumulative chemicals that are a serious threat to the marine environment.' It listed the contents of the Spar (in kg):

Waste oils 50,700	Radioactive scale 30,000	Zinc 13,811
Copper 13,542	Cadmium 16	Lead 10
Titanium 9	Nickel 7.4	Chromium 2
Arsenic 0.3	Mercury 0.3	PCBs trace

Apart from the contents of the Spar, the document consisted of about 80 lines. In that brief format key words were repeated frequently, i.e. contaminated, marine pollution, rust, toxic sludge, threat to marine environment, toxic and radioactive wastes, tip of toxic mountain, toxic pollution, toxic and radio active wastes, chemical pollution, sewage, radioactive discharges, pesticide run-off, atmospheric pollution, hazardous discharges. These words in combination defined the Brent Spar disposal in the sea as environmental irresponsibility. The public interpretation of the press release was as intended: the contents were regarded as dangerous to marine life. The reaction to a list of terms such as arsenic and mercury was inevitably that this was 'a bad thing'. This was however an interpretation: the contents were not in fact contested as the inventory was produced by Shell rather than through environmentalist investigations. Shell did not however view the materials in the same light as Greenpeace. For Shell the contents were seen as negligible in scale and environmental impact. Shell was able to point to an article in *Nature* that suggested that such metals are a *natural seabed phenomenon* as the result of volcanic activity. Here Greenpeace was taking the agreed facts and suggesting that these were major pollutants rather than simply minor wastes. The authors of the *Nature* article, Nisbet and Fowler (1995), warned that we should not be excessively anthropomorphic in our thinking – 'one man's poison is a bacterium's meat.' They said:

In shallow seas, the contents of the Brent Spar would indeed probably damage local marine life. In contrast, in the special environment around mid-ocean ridge hydrothermal systems, the arrival of the Brent Spar would not be out of the ordinary, and indeed might even be beneficial as

a mimic of vent activity ... the addition of extra dumped metals would probably act as a nutrient to the local ecosystem.

Naturally Greenpeace tried to equate 'being environmental' with their position, but there was in fact disagreement with that assumption. Though Greenpeace's interpretation of the science available rejected the Shell view that disposal was an environmental non-event, yet another scientific view was that there were environmental *gains* from putting the structure in the deep ocean. If there was any impact at all it could be beneficial – and if there was no impact in the ocean then this was a relief to the land mass that otherwise would have to absorb waste. This view was captured by Dr Tony Rice of the Institute of Oceanographic Sciences. He claimed that, 'Greenpeace won. Good sense and the environment lost ...' He argued that, 'Greenpeace and similar pressure groups now know that misleading and false information, if repeated loudly and often enough, builds up a head of steam that can bring the largest organisation to its knees. ...' (*The Guardian* 22 July 1995). In this perspective, bringing the Spar ashore is a poorer environmental solution; and in particular it is wasteful of resources that could be better applied to other purposes. However, whatever the technical merits of the anti-Greenpeace case, it was ineffective. It did not have press or visual appeal. It was not 'sold' as successfully as was the Greenpeace argument. Moreover, it conflicted with the public values – which Greenpeace had helped determine over time.

As noted earlier, Greenpeace was pursuing several arguments in parallel: it was arguing the precedent point, the precautionary principle, and an image of immediate toxic doomsday. It was also trying to win a scientific argument, but simultaneously trying to win a PR battle – in that battle scientific 'truth' was perhaps secondary. Wolfgang Sachs (*The Guardian* 20 September 1995) of Greenpeace Germany has pointed out that those who want to change policies have to reach the imagination of the public, 'Greenpeace is a child of this transformation. It is an organization that does not build on mass membership, polls and working to agendas. It does not see itself as the representative of an interest group, but rather as a political protagonist who would like to mould citizens' awareness.' He argued that in order to make their case Greenpeace had to become the 'supplier – or is it the accomplice – of the media society'. He argued that they had engaged in symbolic activity to grab attention. They knew that no occupation could last forever, but, 'It is more a case of actions being made into scenes to generate images, which put a dazzlingly bright light on the perpetrator and attack his legitimacy with the public.' So in Sachs's view what was important was not winning in the direct sense of getting people on the Spar and keeping them there until policy was changed, but winning in the sense that in the removal of the activists from the structure the public had a perception of an over mighty multinational acting against the public-interested occupants of little inflatable dinghies. In this presentation Green-

peace was aware that the direct effect of the occupation would not be a change of policy, but they hoped that the event itself would generate the reconsideration that would lead to policy change. So as Shell congratulated themselves on regaining the tenure of the Brent Spar, so Greenpeace was able to be self-satisfied at being seen to have 'lost' because this aided their overall redefinition. The book (*Die Ereignisse um Brent Spar in Deutschland* 1995) produced by Deutsche Shell AG the controversy in Germany also commented along these lines that:

According to Greenpeace, projects only have a good chance of success if they involve an opponent who is ready to enter a conflict. If they graphically illustrate the attack on the environment and if Greenpeace's actions can be carried out with maximum visual impact – 'it is a question of symbols'.

Greenpeace made it easy for the media to give exposure to their case. They provided a sort of 'convenience news' of pictures, images and story lines conveyed through press releases, an on line diary from the Brent Spar occupation, videos, site visits for journalists. The story had media appeal. David versus Goliath is a standard press 'angle'. The events were visually interesting to the public (which is precisely why the media used them) with dramatic images of protesters in danger from the mighty multinational. Greenpeace took on board media equipment including a satellite broadcasting unit, and they took pains to give good 'event' opportunities for the journalists they took to the scene; they spent £350,000 of a £1.4 m budget on the media. Chris Rose (*Wired* May 1996) gave credit for their success to the images of Shell-hired boats spraying the Greenpeace occupiers with a water canon, 'Without a doubt, those images, though very expensive to get, changed the story for us. News-wise, not a lot was happening. But they were great pictures and they ran round the world.' Greenpeace was wanting to play David to Shell's Goliath and this was given credibility by the fact that Shell acted tough. Without an image of a powerful bully, Greenpeace could not play victim. . . . In *The Guardian* (2 June 1995), Suzanne Moore drew attention to the power of the protest as an image (but it is important to realize that that power 'worked' more effectively *outside* Britain).

*The Times* (27 September 1995) picked up Sachs's comments that 'presenting images such as a little rubber dingy defying the Goliath might of the French Navy, Greenpeace has earned itself an influence and recognition to rival the biggest global brands.' *The Times* went on to quote Daryl Upsall, Greenpeace's international marketing director, who was concerned that for issues such as the 'chemicalization of the world' it was difficult to find appropriate simple images. As Suzanne Moore noted, Brent Spar 'visuals' gave the group an image that suggested that the little group needed public backing against the over powerful industry.

Contributing to this kind of understanding of the policy change are ideas of the 'social construction of reality' that emphasize that interpretations

may not be 'true' in an absolute sense, but are 'stories' that can be selected to interpret developments (see Rochefort and Cobb 1994, p. 4). A single reality is denied and, 'Policy becomes, instead, a series of conclusions, choices and rejections of alternatives that are assembled to compose a constructed reality. In politics as in literature, the use of rhetoric is key to the process by which these decisions are justified, promoted or even placed beyond questioning' (Rochefort and Cobb 1994, p. 6). So one argument about the adoption of a new definition of the situation is that the case is made with particular skill – just as some advertising presentations are more successful than others for the same product. Presenting the Brent Spar events as a struggle for public acceptance of a particular interpretation, implies the dispute has some of the qualities of a brand war. 'Brands' are successful and enjoy premium pricing *because they are trusted*. Put crudely, the public were more prepared to accept the 'lens' offered by Greenpeace than that put forward by Shell. In a survey in 1996, 61 per cent of a UK sample said that they 'supported' or 'agreed with' Greenpeace; 27 per cent claimed to have given it money; 34 per cent thought it was 'more effective' than it used to be (cited in Rose in Warshal 1996, p. 2). A survey by the oil industry in 1996 found that 81–85 per cent of the public trusted environmental groups; while 25–36 per cent trusted the oil industry and only 17 per cent trusted government.

As Graber (1997, p. 5) points out, the tendency is to define first and then observe rather than the other way round. There is 'top down' processing of information. Thus if the public have a prior trust of Greenpeace they will tend to accept their version of events. When Sachs said that Greenpeace was fighting 'with the all-powerful world of images used by the advertising industry ... the fight for influence is dealt with in the battle of images', then the irony is that this is the sort of dispute in which big business – often seen as a 'privileged' pressure participant – should be comfortable. Why are the reputations of large companies now so suspect that the public prefer the views of the self-appointed environmentalists? *Therefore successful redefinitions reflect prior history*. A perspective is more likely to be believed if the source is credible. Securing policy change is not simply about the one-off manipulation of symbols and language, because they will be judged by the public in the light of the credibility of the source. Furthermore, and more specifically, it was Shell's misfortune to require the approval of an unpopular government for the abandonment. To an extent anything that found the approval of the Conservative government was suspect for an anti-Conservative electorate. After the Brent Spar, Shell undertook a deliberate counter offensive against Greenpeace. This was reported in their house magazine, *Interchange* (March 1997) under the heading 'taking a story to the media pays dividends'.

### **Changing the definition: (iii) Myth and mistakes as explanations?**

Critics of Greenpeace argued that the battle for public opinion was not won by subtle and appropriate imagery that redefined the issue, but by crude



lies that lead to a misunderstanding of the position, or – as the less hostile would say – the creation of myths helpful to Greenpeace. This attack on Greenpeace claims has two main dimensions. The first concerns the location of the dumping site and the second is the 5,000 tonnes of oil that Greenpeace claimed was to be aboard when the structure was sunk. The first aspect concerns repeated Greenpeace assertions that the Spar was to be sunk 'in the North Sea' – as opposed to the intended location of North Atlantic. If the substitution of North Sea was a simple human error, it nonetheless created a modern myth. Critics claim that the public (especially continental) worry about a North Sea location was much greater than would have been the case had Greenpeace been more accurate. For example the Greenpeace Press Release on 7 May refers to the damage to the 'fish that North Sea fisherman (*sic*) depend on to make their living.' During the occupation (20 May) another press release referred to 'the abandoned oil rig, Brent Spar which Shell are planning to dump into the North Sea with all 130 tonnes of toxic sludge'. However, Greenpeace counter this – while admitting to inaccuracy – by arguing that from a German viewpoint the North Sea/North Atlantic geographical distinction is simply 'not an issue for them'.

The second main criticism of errors in the Greenpeace campaign followed the sampling of the contents of the Brent Spar tanks by those occupying the buoy. Based on that data, Greenpeace claimed that Shell had misinformed the public because the published contents did not mention some 5,000 tonnes of oil. Ironically, because the Brent Spar was not sunk, this claim boomeranged on Greenpeace. In the autumn Shell employed Norwegian consultants to survey the Brent Spar and their report endorsed the Shell position. Greenpeace had to apologize to Shell and they suffered credibility problems with the media. The press in Britain adopted a line that Greenpeace had been trying to win at any cost, had been inventing scare stories but had been found out.

This article accepts there was inaccuracy from Greenpeace, but also assumes that the controversy over the volume of oil on board – which emerged near the time of the policy change and was largely ignored by the press – was less important than the less publicized inaccuracy – or at best debatable – general presentation about toxicity. The Shell statement of contents was represented as a confession about pollutants. What Greenpeace initially termed 'over 100 tonnes of toxic sludge and more than 30 tonnes of radioactive scale' became in a few weeks '14,500 tonnes of 'toxic litter'. The minor amounts of 'toxic' material were conflated with the mass of the structure to become 14,500 tonnes of toxic threat. It was because Greenpeace had over at least a decade established a widely accepted mood that dumping was wrong, which they updated by the specific twin arguments of *toxic waste* and *in the North Sea*, that they 'won' – not because they were wrong about the quantity of oil aboard.

## POLICY CHANGE BY VENUE CHANGE

So there are the ingredients of policy change floating around, but still no 'smoking gun'. There was a new (Greenpeace) interpretation of the situation; there was extensive and effective publicizing of that interpretation; there was a widespread assumption that the public was sympathetic. The Brent Spar episode gave the dumping issue what Paul (in Rochefort and Cobb 1994, p. 94) calls, 'a crystallizing moment: a dramatic incident, a catastrophe of some kind, or perhaps a scandal that causes the national media spotlight to shine upon it.' However, the new high profile version of reality did not in itself produce a policy change. This case study, despite some aspects to the contrary, did not seem to be *directly* explained by problem redefinition. If the public was convinced, the government (at least DTI/Treasury) and the company were not. As argued above the occupation reinforced governmental determination rather than producing a policy change. To adopt the language of Jones (1994, p. 28), the policy change did not derive from the *representational linkage* – where politicians moved to enact policies in line with a public repositioning on an issue, but it better fits what Jones (following Schattschneider) calls *conflict expansion*. In addition to his observation about the importance of definitions in determining outcomes, Schattschneider also pioneered the idea of the *scope of conflict*. He observed that, 'in political conflict every change in scope changes the equation.' He argued:

It is the weak who want to socialize conflict, i.e. to involve more and more people in the conflict until the balance of forces is changed. In the schoolyard it is not the bully, but the defenseless smaller boys who 'tell the teacher'. When the teacher intervenes the balance of power in the schoolyard is apt to change drastically (Schattschneider 1975, p. 40).

This idea that different outcomes emerged because of the mobilization of a wider range of views echoes the notions mentioned above about the emergence of issue networks. The basic idea as refined by Cobb and Elder (1983, quoted in Baumgartner and Jones 1993, p. 36) is that those unhappy with policies attempt to mobilize larger and larger constituencies: change stems from conflict expansion from being the purview of specialists, to the attentive public, to the informed public and then the general public. As Schattschneider observed (1975, p. 7) with his vivid image, if there is a street fight and the weaker fighter has numerous supporters in the crowd the incentive is to turn the contest into a general brawl. This analogy seems to capture the way in which Greenpeace shifted the issue from the narrow dealings between the DTI and Shell to a public agenda item. In an important sense Schattschneider is not talking about changing definitions: he is talking about changing the political relevance of those who already hold certain definitions. On the simple street fight example, the result is determined by the fact that involving new participants brings into the

struggle a different balance of opinion: it does not particularly change opinions, but changes the balance of opinion among those active.

Baumgartner and Jones (1993, p. 8) point out that the erosion of policy monopolies is almost always associated with changes in intensities of interest as well as expanded participation. They note, foreshadowing the Brent Spar changes:

People, political leaders, government agencies, and private institutions which had once shown no interest in a particular question become involved for some reason. That reason is typically a new understanding of the nature of the problems involved. Where proponents claim that a practice serves only to promote equality and fairness, two widely shared goals in America, opponents may argue that in fact it harms the environment, leads to profits for foreign investors, is a waste of taxpayer resources, or something else. Any given policy usually could be associated with many contending images, so logically these may change over time . . . In the wake of crumbling public images, policy monopolies that were constructed behind their shield have often weakened or even disintegrated.

The themes of redefinition and changing the interested population are related. The core Baumgartner and Jones (1993, p. 37) argument is that there is a connection between language and policy forum: that when the rhetoric begins to change what they usefully call *venue changes* (1993, p. 36) become more likely; that where venue changes occur, rhetorical changes are facilitated and 'losers' can often redefine the basic dimension of conflict to their advantage, thereby attracting previously uninvolved citizens (1993, p. 11). So a different definition might mobilize different participants. Baumgartner and Jones note (1993, p. 34) that losers always have the option of trying to change the policy venue from, say, the national government to subnational units, or from so-called iron triangles to electoral politics and that, 'venues create opportunities for strategically minded policy entrepreneurs to shop for the most favorable locus for their policies.' They (1993, p. 239) argue that as policy advocates seek to mobilize new groups in favour of their view of a given policy, they systematically seek to alter the ways in which the issue is discussed. They also argue that different images are associated with different venues. In the Brent Spar case the sort of image put forward by Greenpeace could not be expected to have much impact on the industry based sub-government, but it was more appealing to the wider public. Again Baumgartner and Jones are fruitfully exploiting the Schattschneider (1975, p. 10) observation that in the modern world different political settings (for example state, federal, local government) are *doing the same sort of things*. So, he says, 'it is possible for contestants to move freely from one level of government to another . . . to find the level at which they might try most advantageously to get what they want.' Expanding the conflict meant that the Greenpeace interpretation was more widespread. In late

1997 Greenpeace succeeded in involving another major player, the EU, in their campaign. The Cabinet of Ritt Bjerregaard, the Environment Commissioner, agreed to support the 'Beyond Sparring' exercise in which Greenpeace was trying to build support for an Integrated Removal Strategy.

### VENUE SHIFT 1: FROM POLICY MONOPOLY TO ISSUE NETWORK?

Venue change as applied to the Brent Spar case manifests itself in two ways. The first is where the venue is changed in the sense that a problem moves from being dealt with in iron triangle/policy monopoly-type politics to public contestation (Baumgartner and Jones 1993, p. 34). Baumgartner and Jones (1993, p. 59) observe that policy monopolies are being constructed and destroyed continually. One of their examples is the nuclear industry which they portray as moving from a tightly knit sub-government to an extremely conflictual policy network. They argued (1993, p. 60) that the growth in the list of active participants in the debate was associated with dramatic changes in the image of nuclear power presented by interested parties and through the media. This, 'led to a complete reversal in public policy outcomes.'

In some ways this pattern fits the politics of Brent Spar. The position looked very different in May/June 1995 from February when the government initially agreed to the dumping. In line with descriptions of the terms above, there was a dramatic and sudden shift *from policy monopoly to issue network*. There was press and other media attention, plenty of accounts sympathetic to the Greenpeace view. What was initially a sort of low-key technical matter had become a highly public and contested issue. In explaining this change, attention would have to be paid to the needs of the media. All that said, *it is the thrust of this article that this was not the vital venue shift.*

There is evidence that superficial analysis encourages the issue network explanation. Media treatment of the occupation was characterized by one example cited by Dr Chris Fay of Shell, 'Murder at sea – scandal of dumped rigs that may wipe out marine life.' The German publication *Bild* (17 May 1995), declared the Brent Spar as 'a floating island of toxins ...'. *Bild* reported that, 'From inside, it smells of chemicals. For security reasons, the eco-warriors equipped with protective suits and special detectors declined to investigate the workings of Brent Spar.'

While it is commonly assumed that the Shell change in policy was the result of the media fuss in Britain after Greenpeace 'gulled' a compliant press into an overwhelmingly favourable coverage, the empirical data undermine that interpretation (see table 1). If one looks at the coverage in three major newspaper groupings (*Times/Sunday Times; Guardian/Observer; Independent/Independent on Sunday*) in the twelve-week period running from the start of the occupation, one finds 294 news reports/commentaries referring to the Brent Spar. This attention sustains the retrospective reaction that the media coverage *generated* the change. Yet the bulk of the coverage was

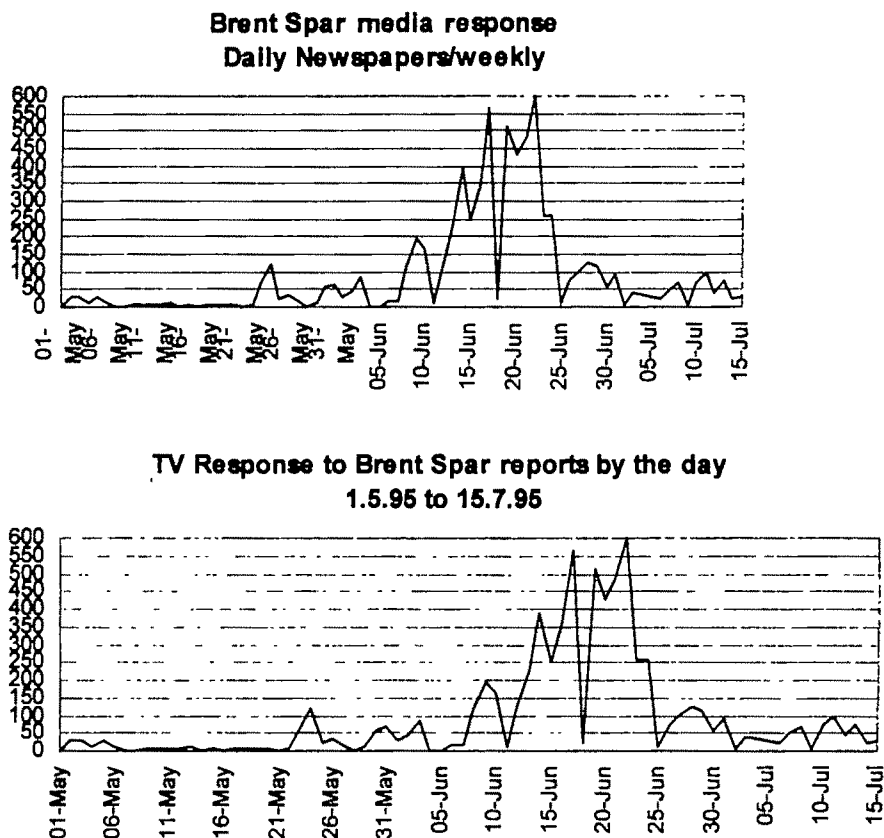
TABLE 1 *Newspaper coverage*

Phase	Date	Stories	Weeks	Stories per week
Occupation	May 1–21	17	3	5.67
Eviction	May 22–28	19	1	19
Boycott/G7	May 29–June 18	58	3	19.30
U Turn	June 19–25	134	1	134
Analysis	June 26–July 23	66	4	16.5

about the *decision to switch* rather than pre-empting the switch. The actual occupation was reported much less than subsequent events. As Chris Rose has confirmed, 'In the UK it wasn't until Kohl raised it with Major at the G7 in Halifax (15–17 June) that the London media really got interested.'

If one also looks at the tone and length of the early stories, again the impression of media-driven change is qualified. *The Guardian* only gave the story about 100 words on 2 May – and even then made both the DTI point that the decommissioning was consistent with international obligations and the Shell point that any contaminants would be quickly diluted. During the actual campaign the coverage in the press was slight – though the TV coverage may have been more potent. The press were less interested in the occupation than they were to be in reporting the boycott in Germany set off by the occupation. The media in Germany may well have been less 'balanced' in its treatment of the issue, but most of the stories were again about the boycott rather than preparing the ground for the boycott. There was comparatively little press attention until 10 June and it did not reach a peak until a few days before the policy change. Shell commissioned research by a consultancy whereby those doing the work did not know the identity of the client. This looked at the UK media in the 9 week period from the occupation to the end of June and studied 1,671 press cuttings and radio/TV reports. Essentially the study confirms the argument above. A Shell report in August 1995 claimed that 'the Shell and Greenpeace impact is far more balanced than some have suggested . . . After 12 June, . . . Shell starts a winning trend, interrupted in the week of 19 June, when the disposal plan is aborted.' Coverage in Germany shows a very similar pattern to that in Britain (see figure 1).

Undoubtedly the occupation and the media coverage brought into the decision process an attentive public but just as the idea of redefinition did *not directly explain* the policy change nor does the idea of expanded conflict. The expanded conflict idea sounds as if there is government-by-opinion poll: that what the public want they get just because they show interest. There are two factors that suggest there is something of a brick wall facing this explanation of change via a venue shift from monopoly to network. There was not – according to Gallup poll data (cited later) – the scale of public reaction that cause policy reversals. This was confirmed by the fact that when Greenpeace called for a boycott of Shell fuel in Britain, Shell was



Source: Deutsche Shell 1995.

FIGURE 1 *Media interest*

able to crow in triumphalist fashion in a press release that there was no reaction in Britain (they were to learn that this was looking at the public opinion in the wrong country).

Most importantly there was *still* in place approval for dumping secured by Shell under the previous style of politics. Even if the treatment of the topic now appeared to have the characteristics of an issue network, the 'horse had bolted'. A DTI statement in the period was, 'We have no plans to change the policy. We have selected the best option.' (The use of 'we' was perhaps significant.) *The Times* (17 June) recorded DTI briefing that the Spar might break up were it brought ashore. *The Independent* (3 September 1995) reported 'private' comments from the DTI claiming that the Piper Alpha wreckage had not harmed marine life despite being lost with more dangerous chemicals than the Brent Spar. Despite the media coverage favourable to Greenpeace, the policy monopoly remained largely intact,

and while there was the development of a process that *looked like* a textbook issue network, this lacked the one vital ingredient. The power of final decision still rested with the policy monopoly.

Venue change in Britain is discussed by Dudley and Richardson (1996, p. 571) where they describe how the anti-roads lobby 'turned into winners by selection of the most effective venue'. Some caution however is needed in the use of 'select': the excluded interests cannot really *select* whether to be part of the core community or to play the politics of an issue network. Deciding to challenge the policy status quo more or less removes the choice: the policy community/insider strategy is not open.

## VENUE SHIFT 2: FROM DOMESTIC TO INTERNATIONAL

However there was a second venue shift which may have been accidental, but certainly was crucial. *The issue was shifted internationally as well as within the UK, with implications for the internal politics of Shell.* In essence it was the reaction of a new audience – the public in several European countries, but most importantly Germany – that was to create the pressure for Shell's change. That Greenpeace made the issue international was certainly not accidental: as was their usual technique they carefully created teams of activists of different nationalities to encourage press coverage in different countries. The main reason for occupying the Brent Spar was probably not to prevent the sinking of the structure, but it was to draw international attention to the issue of pollution in advance of the meeting of Environment Ministers from North Sea countries that was to held in Esbjerg in early June. The focus of this meeting was intended to be about nitrate and phosphate run off. However, that the Shell decision was to be determined by the public in Germany was a welcome development that rather than part of grand plan.

The financing of the occupation was a Greenpeace budget item in terms of providing a focus of a campaign to put pressure on ministers to tighten up the anti-dumping regime. However the campaign struck what was perhaps an unintended note with the continental public. Chris Rose has described German developments as 'pretty well spontaneous. People took an obvious line of action.' Concern 'took off' far more in Germany than Britain. The main difference between the British and the European publics seems to have been that the pollution argument was more effective on the continent because of their predisposition. It was not, as British ministers argued, that there was a hypocritical reaction that said 'We don't pollute and the dirty British do.' It was more that the German public seemed to think there was already more than enough pollution – and they didn't want any more.

Greenpeace shifted the focus of their campaign towards the end of May, Ulrich Jurgens told *The Guardian* (22 June 1995), 'Four weeks ago we decided to step up our efforts in Germany, Denmark and the Netherlands, and it just exploded.' This comment refers to the success of the boycott

weapon in Germany. In looking at press material in Germany it was hard to establish a clear link between Greenpeace and the boycotts (though they did commission an opinion poll by EMNID on the public readiness to support a boycott). Chris Rose's account (1998, p. 53) of the period notes, 'During the Spar campaign, boycotts and other campaigns were launched in Germany, *not to begin with* by Greenpeace but by other environmental groups, churches and others.' He did record that on the 2 June Greenpeace groups protested at 300 petrol stations in Germany. Something of the reluctance to call openly for consumer action may have reflected fears in Greenpeace that they might be sued by Shell for harming their sales.

The language and symbols used in support of the boycott call stimulated and crystallised pre-existing views. Unless one had a worry about pollution in the North Sea, the issue of the disposal of oil facilities would not generate much concern. There are often calls for boycotts, but they are usually unsuccessful. What was unusual was the public co operation. Symbols do not of themselves transform opinions and secure action in a vacuum, but act to develop concerns – and awake concerns in a particular context. The Brent Spar issue 'took off' in Germany because North Sea pollution was already a concern.

So the argument so far is that while Greenpeace made available the same alternative interpretation of events in both Britain and on the continent, it was more effective in this latter venue because the public mind set there was more accommodating. But the link to a change in policy is still not direct. How did the boycott by German consumers affect Shell UK's policy making? The 'explanation' of change has to incorporate the relationship of politicians to their publics and the structure of Shell. In a sense, and perhaps paradoxically, the boycott of non-UK consumers was more effective than a boycott in Britain. Had Shell been faced with a sizeable British reaction they might have calculated that the costs of proceeding exceeded the losses and decided to halt the plan, but there was no domestic reaction sufficient to prompt this. (One of the costs in not proceeding they would have had to bear in mind was the likely unpopularity with the British government.) However, the other Shell companies where the national boycotts were more effective actually had a less difficult calculation to make. They simply saw the boycott as pain with no gain. There was little reason for them to dig their heels in against the consumer power. The structure of Shell thus acted to make a change in policy more rather than less likely. The non-British elements in the Shell 'family' tended to be more concerned at the spillover of this problem to their patches, than any difficulties Shell UK might have.

The chair of the Greenpeace International Advisory Board, Uta Bellion, faxed Cor Herkströter on 16 May. Deliberately or accidentally, this hit upon the effective tactic noted by Schattschneider of 'complaining to the teacher' of the playground behaviour of Shell UK. Bellion wrote with reference to 'Shell UK's appalling plans.' Mr Herkströter was invited to use his influence to prevent implementation. Shell generally is praised for practising 'far less



damaging methods of disposal'. The fight is clearly set out as being with Shell UK and not Shell International: the latter is being asked to discipline the former – 'Shell attempts to paint a picture of itself as a good environmental neighbour, a company which cares about the environment it works in. Shell UK makes a mockery of these attempts by pursuing their dumping option at all costs' (WWF 1995, p. 50). So Greenpeace tried, and succeeded, to argue to the non-British parts of the Shell organization that they were suffering in reputational (as well as market) terms for the activities of the 'dirty' British.

Thus the basic thrust of this explanation of the change of Shell UK policy was that it did not immediately lie in the apparently significant areas of the new definition put up by Greenpeace or the marginalization of the policy monopoly between the DTI and the company. It lay in the mobilization of a different constituency in Germany which meant that the company came under pressure from other parts of the multinational operation. The forum that counted was the top echelon within Shell, but that decision was enforced by customer pressure. The simple fact that large numbers of individuals in Britain or the continent came to share Greenpeace's definition of the issue was less important than the fact that German consumers, for reasons not solely because they agreed with Greenpeace, drove past Shell petrol stations. As consumers they effected change.

## INTERGOVERNMENTAL PRESSURE

One other bit of political 'noise' was going on in this episode. And once again its impact was possibly significant, but more indirect than it first appears. The German and other continental consumers also had some collective influence as potential voters as European politicians became active in line with clear public opinion. This British government (largely) domestic decision was subject to private and public pressure by non-British politicians. Thus Chancellor Kohl commented, 'If I were a company I would not do anything which would hurt my business' (quoted in Lyons 1995). A letter from the Swedish Environment Minister, Anna Lindh, to the Shell Swedish subsidiary was quoted by Greenpeace on 17 June as saying that the plan to scuttle the rig (*sic*) was irresponsible and unacceptable. 'The sea must not be used as a rubbish dump' (Lyons 1995). The Danish Environment Minister was even plainer and urged motorists to boycott Shell stations until the company changed its mind (20 June quoted in Lyons 1995). The European Environment Commissioner Ritt Bjrregaard, was reported as being the first to suggest a boycott. According to a Reuters report on 18 June she said that, 'We have to get away from the old idea that you can dump things at sea and they just disappear'. At a conference she said that while she was not calling for a Europe-wide boycott, she 'would fully understand if consumers across Europe refused to buy Shell products' (*The Guardian* 28 June 1995). She said, 'The dumping of the Brent Spar is not

acceptable. The dumping of old oil installations must be banned' (*The Guardian* 9 June 1995).

Most of Britain's European partners (all except Norway which of course was the other country with a significant industry) supported decommissioning on land. The most significant request came from Chancellor Kohl of Germany at the G7 summit in Halifax (15–17 June 1995). On landing in Halifax, John Major tried to pre-empt discussion by saying that while he was always happy to talk to Chancellor Kohl, agreements had been made and 'that's the way it's going to be disposed.' Kohl told a press conference, 'We told Mr Major it was not the looniness of a few greens, but a Europe-wide, worldwide trend for the protection of the seas' (*The Guardian* 17 June, 1995). Kohl got no encouragement. A British official said, 'The Prime Minister maintained our position very firmly.' The press was briefed with phrases such as Kohl being 'sharply rebuffed' by Major. The image of the Iron Major playing tough with the Chancellor only increased the political costs of the climb down.

Part of the calculation by politicians in Europe might have been that the 'losers' in their siding with the boycott were non-domestic: there was a political 'free ride' in that there was no pro-Shell UK support on the continent – even within business. But the emergence of inter-governmental political pressure *is still not in itself the explanation of change*. Foreign pressure merely increased British governmental recalcitrance. The pressure of foreign politicians acted *through the national Shell components*. The Shell companies saw that politicians were taking up the cause that had public appeal – and the Shell, national companies did not want their relations with their political élites to be harmed – certainly not on account of Shell UK.

#### REDEFINITION: CAUSE, SYMPTOM OR CONSEQUENCE?

This article finds some relevance in the idea that there was a policy change because a new definition of the situation was put forward by a generally trusted source. But this explanation of policy change is not fully convincing. Some precision is needed in terms of whose definition, and whose reconstructed reality, counts? Baumgartner and Jones note that:

Not surprisingly, we found that government actions tend to follow closely the nature of the media attention to a given industry . . . . When social understandings of these industries change, as social, professional and citizens' groups mobilize to bring other aspects of the same issues to the forefront of media attention, then government policies also change . . . . In sum, topics of attention are related to tones of attention. As these change over time (and they can change very rapidly), tremendous pressures can be brought to bear on governmental institutions . . . (in Rochefort and Cobb 1994, p. 58).

This relationship between understandings and outcomes as set out by Baumgartner and Jones seems broadly convincing. Government action on

matters such as smoking, will tend to respond to a public reinterpretation based on new arguments, evidence and perspectives. Governmental responsiveness to public concern seems the core of democratic practice. Jones (1994, p. 187) argues that Baumgartner and Jones showed that the construction and later disruption of policy subsystems in the nuclear power industry, pesticides and other areas is associated with increased interest in the media and in Congress. *However this account of the Brent Spar example does not adopt this direct cause and effect explanation.* Such an explanation has superficial appeal, but the explanation rests elsewhere. Instead Jones's (1994, p. 13) caution about the lack of simple and transparent linkages is relevant. It *appears* that the Brent Spar switch stemmed from one of the waves of enthusiasm that Baumgartner and Jones identify as periodically bringing out policy innovation. Greenpeace certainly had an alternative 'story' about the Brent Spar. Media coverage of this alternative version was so uncritical and extensive that the broadcasting industry subsequently changed its practices. (Greenpeace believe that their 'demonization' in the broadcast media was the result of pressure from government on senior BBC and ITV management.) It is significant though that Baumgartner and Jones (1993, p. 39) discuss how '*over the long term*', policy making is characterized by change in public understanding of policy problems. Their case studies track changes over decades not days. Though they talk about 'rapid alterations', 'rapid changes', the data are not about daily headlines but blocks of years. The sort of swift change that the Brent Spar case shows is less likely to reflect such a process of redefinition than the examples with which they deal. (Dudley and Richardson (1996) also deal with a field – roads – where change is tracked over decades.)

In fact the redefinition with which Greenpeace had success was not the product of events in May and June 1995, but their general attention to the issue of marine pollution through the previous two decades. The Brent Spar U turn was not the result of Greenpeace's short-term activities through the occupation and the associated publicity, but their longer-term achievement in changing opinion about deep sea disposal. As Chris Rose (1998, p. 52) said, 'The Spar campaign did not create these issues, it merely crystallised them.' Greenpeace was able to bring a weight of opinion on the issue to overwhelm the DTI/ Shell policy monopoly that was defining the issue differently. The events in 1995 did not change opinions but they changed the structures through which decisions were made.

There was certainly a shift in the media from seeing abandonment as a non-contentious issue to seeing it as a high profile issue. However, it is less clear that short-term redefinition *caused* the policy switch. The attention allocated in the media to new interpretations of disposal can be interpreted as flowing *from a policy switch* or a symptom of some more direct causal development. This article enters two qualifications to the widespread assumption that the public was convinced by the Greenpeace account and the U turn was inevitable, and the wider assumption in the literature that

action by groups excluded from narrow policy-making structures to change the 'prevailing image of the policy problem' will lead to changed outcomes.

### THE ILLUSION OF AN ISSUE NETWORK

The first qualification is to underline that the decision capacity in this case still rested with a government that did not accept a new social construction of reality. The change process is more complex than too hasty a reading of Baumgartner and Jones (1993, p. 237) might suggest. They say successful political leaders are often those who recognize the power of political ideas. This is certainly true, but the mechanism might need to work *over time*. The typical reaction by politicians elected on the basis of one understanding of an issue when faced with views that challenge their starting position is to resist. Indeed too rapid 'me too' reactions by politicians court the electoral cost of appearing inconsistent and shallow. The Brent Spar events fit comfortably into Jones' (1994, p. 183) picture of 'issue entrepreneurs (who) have (the) motive to try to capture the attention of the media to introduce a new, destabilizing element into a previously stable situation'. But the key point about the Brent Spar episode is that, notwithstanding the Greenpeace media success, neither the UK government nor Shell UK changed their mind. The change on 20 June 1995 was *forced on to Shell UK* at a meeting in the Hague of Shell Transport and Trading and the Royal Dutch Group. In the explanation of change it is necessary to distinguish between Shell UK and other parts of the organization. The British chief executive was in effect instructed to change policy. The British reluctance was clear in the press release which said that Shell UK Ltd. 'still believes that deep water disposal of the Brent Spar is the best practicable environmental option, which was supported by environmental studies.' Any idea that there was a general societal reappraisal that 'converted' decision makers does not give sufficient grip on this change. Any attitude change that did take place did not impinge on key policy makers within the government or Shell. To the huge embarrassment and political cost of Shell, the U turn forced on them in the Hague was not reported to the British government in time to prevent the Prime Minister, John Major, from giving a strong defence of a decision that Shell had abandoned in the morning.

### THE ILLUSION OF A BRITISH PUBLIC REDEFINITION

Secondly, there is a need for more empirical evidence to sustain the assumption that the British public backed Greenpeace in this campaign. There is a popular version of events that sees Greenpeace as having won their battle to define the issue and thereby secure eventual policy change. Though there is opinion poll evidence that the public were suspicious of Shell, for all the television and press coverage the issue did not arise spontaneously in public opinion polls. The MORI trend surveys in 1995 that combined the (unprompted) answers to questions about the 'most' important and 'other important' issues facing Britain found 'the environ-

ment' securing between 3 per cent and 6 per cent through the year. In May and June when the Brent Spar dispute was at its height, the combined answers ('most important' and 'other important') relating to pollution and the environment reached 4 per cent and 5 per cent respectively. The Gallup monthly series of questions on the most important issue found that unemployment tended to generate percentage responses in the high thirties and low forties, while the environment flickered between a response of zero and one per cent. No concern about the Brent Spar seemed to emerge to alter this pattern. Proof that sudden public concerns could be picked up in such a manner was given in April 1996 when Mad Cow disease suddenly appeared at a figure of 21 per cent.

This case study – starting as it does by describing a policy monopoly and then a burst of protest which appeared to lead to Shell leaders adopting different policies and substantially accepting the critique of the protesters – suggests superficially that it was the intellectual superiority of the critique that caused industry leaders to change their minds. The relationship between new definition and new outcome was in fact far more complex. Even if the British public accepted the Greenpeace 'framing' of events, that was not the explanation for change. (And if they accepted it, the reasons may have been more to do with long-term factors than the Brent Spar 'stunt'.) Public opinion *may* have changed, but the views of those with the power to take decisions did not. There was an *illusion of redefinition* as there was essentially an *illusion of the development of an issue network*: the noise, the conflict, the mobilization of new participants, the media interest did not change the effective political authority of the government. Change came because in a new venue (the other European markets for Shell fuel) Greenpeace triggered a boycott. That this venue shift 'worked' for Greenpeace reflected the *long-term* activities of environmental groups in arguing against marine pollution. This boycott (and a threat of, and actual, violence against Shell retail outlets) and political pressure from European governments on 'their' Shell companies, led to pressure 'in-house' on Shell UK to reverse policy. When policy was changed it was not because Shell UK, the DTI and ministers changed their minds, but because Greenpeace succeeded in expanding the conflict and wrenching the decision into other arenas with different participants – European governments, other national Shell companies, European consumers. Having 'won' on the context of the old policy monopoly, Shell found it had lost in the new contest that Greenpeace had manufactured. The change emerged because a group of *non-British* consumers were activated to put pressure on the *non-British* constituents of the Shell Corporation. Had Greenpeace significantly altered public perceptions in Britain there might have been far greater support for their campaigns in 1997 about the expansion of the oil exploitation in the Atlantic.

This case suggests we need to distinguish between a policy change that is abrupt and involves immediate and embarrassing changes by major political actors and the sort of Baumgartner and Jones's picture that sees change

over time, reflecting new paradigms and interpretations. Sudden change is likely to require a more direct pressure on political élites than redefinition. In this example change flowed from venue change and the particular structure of the company. That the occupation led to policy change rather than simply the entrenching of political stubbornness was the result of the corporate structure of a multinational company and the opportunity that gave for a non-British venue to be crucial. 'Multinational' is usually read as being synonymous with 'powerful,' but it was the multinational character of Shell that led to Greenpeace success.

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# **COMPARATIVE AND INTERNATIONAL ADMINISTRATION**

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## **THE PRIVATIZATION PROCESS AT THE IRISH SUGAR COMPANY – LOGICAL INCREMENTALISM OR ENSEMBLE DES JEUX?**

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BRIAN LEAVY

This article presents an empirical analysis of the privatization process at Comhlucht Siuicre Eireann Teoranta (CSET), the Irish Sugar Company. The CSET privatization was significant in being the first in the modern Irish political context. It was also significant in that the primary momentum for the process was generated and sustained by strategic action at firm level. Yet, it was a transformation in which firm strategists were rarely in full control of events, and one that had national as well as organizational implications. The analysis suggests that even the most robust of firm-level models of change alone provides an inadequate guide to fully understanding such processes. It examines the case for viewing them through a more multi-level perspective.

### **INTRODUCTION**

In April 1991 CSET, the state-owned sugar company, was launched on the Irish Stock Exchange as Greencore plc. It was the first major privatization in the Irish state sector since independence in 1922. While the issue had begun to enter the political arena in the late 1980s, largely as a result of interest in developments in the UK and elsewhere, none of the main political parties in Ireland were committed to privatization as a policy during the run up to the Greencore launch. Since the process was driven primarily by company strategists rather than public policy makers, it could be viewed as one of firm-level change and analysed accordingly. However, this article sets out to show that firm-level analysis alone does not adequately explain the dynamics of the process, nor does it present the full implications of the outcome. In particular the article examines the merits of viewing such a process through an alternative, multi-level systems perspective.

### **LITERATURE REVIEW – LOGICAL INCREMENTALISM OR ENSEMBLE DES JEUX**

Since the privatization process at CSET was driven primarily by company strategists, it would be reasonable to seek insight into the nature of the

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process through firm-level theories of change. To date, one of the most robust of these theories in the strategic management field is James Brian Quinn's model of logical incrementalism.

Quinn (1978, p. 7) developed his model empirically, after having observed that well-managed firms frequently used an approach to strategy formation which bore 'little resemblance to the rational-analytical systems so often touted in the planning literature'. According to Quinn, the reason why the planning ideal was not working in practice was due in part to the kind of cognitive limits on comprehensive rationality highlighted by Simon (1955, 1956). However, he saw it as also due to process limits of a more behavioural and political nature. Logical incrementalism was presented as a synthesis of the rational-analytical and power-behavioural approaches, and it viewed effective strategic management as 'a continuous, evolving, political, consensus-building' process with 'neither a finite beginning nor end' (Quinn 1982, p. 623).

Logical incrementalism may not have been planning in the traditional sense. However, neither was it ever intended to be the intellectual opposite to planning. As Quinn (1989, p. 56) argued in a retrospective commentary on his seminal 1978 article, logical incrementalism was not the disjointed incrementalism of Lindblom (1959) and Wrapp (1967), nor was it the anarchic garbage can approach of Cohen *et al.* (1972), but rather involved and demanded 'conscious process management'. It was a process in which the most effective strategists were seen to 'proceed flexibly and experimentally from broad concepts to specific commitments' (Quinn 1980, p. 56) and to concentrate on building a 'resource base so strong and flexible' that the organization could 'prosper despite all but the most devastating events' (Quinn 1982, p. 613).

Quinn's conceptualization of strategy formation as an emergent process of purposeful experimentation and learning has been reflected in much subsequent work (Mintzberg 1987; de Geus 1988; Senge 1990; Waterman 1994; Collins and Porras 1996). It also anticipated the more recent emphasis on resource-based theories of strategic management (Wernerfelt 1984; Conner 1991; Mahoney and Pandian 1992; Wiersema and Hansen 1993; Hamel and Prahalad 1994). However, the logical incrementalism model does have its critics. The biggest weakness of the model for many theorists is the implicit assumption that any organization is almost infinitely adaptable. According to Miller and Friesen (1980, p. 591) 'the one theme that stands out in the literature is that organizations tend to demonstrate great sluggishness in adapting'. This sluggishness is a consequence of the many conservative and inertial forces in organizational life, some of which are social-psychological and historical (Staw 1976; Kimberley 1979; Staw and Ross 1987; Boeker 1989), others institutional and cultural (Sheldon 1980; Brunnson 1982; Starbuck 1982; Pettigrew 1987; Zucker 1987; Pascale 1991).

The recognition of institutional and cultural forces for continuity highlights a second limitation, and one more pertinent to the present study. The



model's treatment of the organization-context relationship is inadequate for many applications, particularly for the strategic management of state-owned enterprises. Its overall view is one of a single strategic agency interacting with a largely impersonal supersystem where 'uncontrollable forces dominate' (Quinn 1989, p. 51). This assumption may work reasonably well for firms operating within the market system. However, for state-owned enterprises embedded within a supersystem that consists of a political as well as market arena, the need for a less impersonal conceptualization of context becomes more pressing. The privatization process at CSET may have been driven primarily by strategic management at firm level, but it was a change process that involved the interplay of strategic action at both company and public policy levels, as we shall see. Firm strategists may have made the running, but public policy makers had control over the final decision, and other interests played active roles in trying to determine the shape of the outcome.

The main argument of the article is that the privatization process at CSET can be best understood as an *ensemble des jeux* of the type characterized by Crozier and Friedberg (1980) rather than just one of logical incrementalism as described by Quinn (1978). While both perspectives highlight the rational/analytical and power/behavioural dimensions of the process, the *ensemble des jeux* approach differs in the emphasis that it gives to the process's multi-level and systemic nature. In particular, it emphasizes that the process is one in which:

- multiple strategic actors and agencies actively pursue their own interests at their own levels of rationality (Crozier and Friedberg 1980; Pettigrew 1985; Leavy 1991);
- the outcome is not the result of a free-for-all but the regulated product of a political process pursued within a normative context which to some degree binds these actors collectively, and structures the games within which their interests can be legitimately pursued (Crozier and Friedberg 1980; Pettigrew 1985);
- the normative context shaping the overall collective outcome of the process is itself dynamic, plural and contingent, and subject to manipulation by strategic actors pursuing their own interests (Crozier and Friedberg 1980; Pettigrew 1985; Whittington 1990; Greenwood and Hinings 1996; Spender and Grinyer 1996; Hung and Whittington 1997);
- the outcome of the process is one of systemic learning in which new values are created, and not just a new political balance struck among the interests involved (Argyris and Schon 1978; Crozier and Friedberg 1980; Senge 1990; Spender and Grinyer 1996).

While the concept of learning is central to both the logical incremental and *ensemble-des-jeux* perspectives, the nature of the learning implicit in each of these models is very different. The key to this difference is to be found in the literature on organizational and institutional learning and its

links with strategic and structural change. One of the strongest themes in this growing body of literature is the distinction frequently made between two fundamentally different kinds learning. The terms used tend to vary somewhat across different authors and studies. Fiol and Lyles (1985) refer to them as higher-level and lower-level, Levinthal and March (1993) as first-order and second-order, Senge (1990) as adaptive and generative, and Argyris and Schon (1978) as single-loop and double-loop. However, the conceptual distinctions made by all of these authors are broadly similar, and can be related through Kuhn's (1970) more general theory of knowledge development that distinguishes between paradigm development and paradigm shift. Every social system has a paradigm which refers not only to shared cognition, ideology or core beliefs, but is also 'preserved and legitimized in a cultural web' of institutional action 'in terms of myths, rituals, symbols, control systems and formal and informal power structures which support and provide relevance to the core beliefs' (Johnson 1988, p. 85). When seen in these terms, single-loop or lower-level learning is primarily adaptive learning of an experimental trial and error nature that fine-tunes an existing institutional mind-set or paradigm, and this is the level of learning inherent in the incremental model. In contrast, double-loop learning of the higher or more generative variety is the kind that results in fundamental paradigm shift or mindset change. This is the type of systemic learning process which the ensemble-des-jeux perspective was developed to explore and explain.

In short, if analysed within the logical incrementalist perspective, empirical interest in the process of privatization at CSET would tend to focus primarily on the purposeful and adaptive behaviour of company strategists in bringing about strategic and structural change at the level of the firm, and such an analysis would not be uninteresting in its own right. However, when seen through the multi-level ensemble des jeux perspective the focus of the empirical analysis shifts to the more inclusive question of how the normative context for state enterprise in Ireland came to be changed over time. When viewed in this way the privatization process at CSET can be seen as part of a wider process of systemic learning and transformation. It can thus be more fully examined in terms of how the 'game' of state enterprise in Ireland at both national and firm levels came to be changed from one of 'development corporation' to one of 'commercial enterprise', and of the parts played by company strategists and other interests and influences in bringing this change about, as we shall now see.

## THE PRIVATIZATION OF CSET – AN ENSEMBLE DES JEUX

### Background to the study and the company

This analysis of the privatization process emerged from a three-year intensive comparative study of the process of strategy formation in four Irish organizations, including CSET, the company featured in this article. The full study involved over 70 personal in-depth interviews with nearly 40

respondents, and the examination of more than 300 pieces of archival material including annual reports, contemporary press cuttings, company plans and memoranda, and published histories (Leavy and Wilson 1994). Separate narratives were developed not only for each of the cases but also for the national context, so that the formation of policy and the change in context at this level could be seen in their own terms, and not just through the eyes of the organizations themselves. The analysis that follows is based on the data collected for both the case and the national context narratives in the original study, along with additional data collected from company, union and government sources, specifically for this article.

Comhlucht Siuicre Eireann Teoranta (CSET), the Irish Sugar Company, was set up as a state-owned monopoly in 1934. Up to 1959 the company concentrated on the core sugar business and related activities. In 1960 it undertook a major diversification into convenience food processing aimed at winning a share of the £1bn-plus British market. By 1972 the food project had peaked, falling well short of the high aspirations which had been set for it at its inception. The main thrust of the company's strategy over the remainder of the seventies and into the early eighties was to modernize and rationalize the core sugar business to make it more internationally competitive. Since the late 1980s the company has been following a strategy of diversification, to reduce its dependence on the sugar industry. It was privatized as Greencore plc in 1991.

The full story of the privatization process at CSET is now described. All unattributed quotes were drawn from the interview data.

### **The state enterprise game up to 1980 – the developmental corporation**

In 1934, Sean Lemass, as Minister for Industry and Commerce, used the resources of the state to rescue a failing sugar manufacturing company. In doing so, he saw the opportunity not only to save this project but also to develop it into a major industry which would provide a valuable cash crop for farmers, industrial employment in regional areas, and help to accelerate the modernization of the country and its economy. In addition to saving the operation at Carlow, he expanded the scale of the enterprise with the opening of three further beet-processing centres at Mallow, Thurles and Tuam.

The company was one of the first of many state enterprises to be set up over the 1934–48 period, under the leadership of Lemass and the first Fianna Fail administrations. These were the formative years in the history of the commercial state sector. The founding mission of these enterprises was strongly developmental and it was not wedded to any particular socialist philosophy. As Lemass was later to explain, the overall pattern of the state's involvement in commercial activities developed 'in a haphazard way to meet particular needs and opportunities as they arose, when no other course appeared to be practicable' (Lemass 1959, p. 278). National policy over this formative period was one of economic self-sufficiency.

At CSET, the developmental mission reached its zenith during the long leadership tenure of Michael J. Costello over the 1948 to 1966 period. Costello was hand-picked by Lemass to accelerate the development of CSET and the indigenous sugar industry. As a forty-one year-old ex-army officer of the highest rank, he had not only demonstrated 'the ability and strength of character to shoulder a major industrial appointment but had also proven his patriotism to the hilt' (Lynch 1986, p. 12). During the 1945-59 period, the 'General', as he came to be called, built the company and the industry up to the level of full national self-sufficiency in sugar.

By 1959, CSET was ready for further development, but the international sugar market offered little scope for exporting. When economic policy, under Lemass's leadership, shifted from national self-sufficiency to export-led growth, the General and his company were ready to rise to this new challenge in a bold and imaginative way by diversifying into the convenience foods business. Their primary target was the £1 bn-plus British market, which appeared to offer enormous opportunity. While the General and his team showed great flair in meeting the product development and production challenges, the task of achieving self-sustaining breakthrough on this intensely competitive market proved much more difficult and costly than had been anticipated. He resigned in October 1966, over policy differences with the government concerning the future scale and direction of the project.

The CSET board appointed an insider, Bart Daly, as the General's successor. However, within three months, the government decided to get more directly involved in the company's affairs. It appointed A.J.F. (Tony) O'Reilly to the leadership of CSET over the heads of Daly and his board, who were 'stunned' by this development. Tony O'Reilly was the epitome of a new breed of Irish manager, a marketing professional with a commercial orientation to state enterprise. He focused his energies on the food business and successfully concluded a joint-venture arrangement with the Heinz Corporation to lower CSET's investment and exposure on the project. Then unexpectedly, barely three years into the post, he resigned from CSET to take up a senior position with the Heinz organization in the United Kingdom. A few years later the food business peaked at just under 30 per cent of total company turnover, and then declined.

After O'Reilly's departure the government returned to an arm's length relationship with the company, and left it to choose his successor. During the 1970s national industrial policy began to focus more strongly on the encouragement of direct inward investment in sunrise industries like electronics and pharmaceuticals, and political interest in the developmental potential of CSET began to wane. After Ireland's accession to the EEC, in 1972, the sugar business was no longer protected at national level and had to become cost-competitive with the best in the Community. When Daly retired in 1974, the sugar business was in urgent need of modernization and rationalization, and his successor, Maurice Sheehy, committed the com-

pany to a massive £90m investment programme. CSET sought a major injection of equity from the state, but had to be satisfied with 'letters of comfort' in support of further borrowings from a government in a tight fiscal situation. The company entered the difficult trading conditions of the early 1980s with an enormous debt burden, and began recording overall losses for the first time in more than a decade.

### **The emergence of the new state enterprise game – the commercial organization**

Ireland entered the recessionary 1980s with a high level of public borrowing, and the problems in the public finances deepened to critical proportions as the decade progressed. This changing context 'generated – in political and official circles and in the public media – increased questioning as to whether Irish society (was) getting value for money from its state-sponsored sector' (Bristow, 1982, p. 173).

#### *The Joint Committee of the Oireachtais and the Tuam controversy*

Since the mid-1970s, CSET had been going through a 'major mind-set change from thinking of itself as a development organization to thinking of itself as a commercial organization'. By the early 1980s a similar mind-set change was already taking root within the civil service, as officials started to 'speak the (commercial) truth' to their ministers, and the state apparatus began to take a renewed interest in the affairs of these enterprises after a decade of arm's length management. As many of them ran into losses in difficult trading conditions, the government of the day set up special cross-party joint committees of the Oireachtais (Parliament and Senate) to examine their affairs. The Joint Committee on CSET reported in December 1980. Company planners used the committee's investigation to pursue two key elements in CSET's overall strategy for modernization and rationalization; fresh equity and the freedom to rationalize uneconomic operations without political interference. The Report of the Joint Committee (1980) on CSET largely supported the company's position. It called on the state to provide further equity. It also recommended that the company should in future concentrate its sugar operations on its most viable plants, and argued that the pioneering of rural industrialization could no longer be considered its primary mission. The committee's report was even more specific in stating its belief that the closure of the uneconomic Tuam plant was 'inevitable', and should not be delayed.

However, the subsequent announcement of the company's intention to close Tuam was followed by major controversy, which had the effect of forcing political and public discussion onto the future role of state enterprise in contemporary Ireland. As a *Sunday Independent* editorial (20 September 1981) at the time so starkly put it:

The dilemma is this. Are semi-state companies to be run commercially or as development agencies? Incredibly, as in the Sugar Company,

nobody has formally told them what role they are to play. If they behave commercially and sack workers, all hell breaks loose. If they pursue social objectives and lose money they get hammered. That's a catch 22 with vengeance. Somebody had better clear up this contradiction.

Faced with strident opposition from the Haughey-led Fianna Fail Party in the Dail, from the workers, and from civic and religious leaders in the Tuam region, and finding itself in a tenuous political position overall, the FitzGerald government of 1981–82 backed down, and the uneconomic plant was allowed to remain in operation for a further four years.

The Tuam controversy was a watershed, not only for the company but for state enterprise in general. Notwithstanding its earlier back down over the proposed closure, the FitzGerald Coalition government of 1982–87 signalled the changing mood towards the sector in its programme for government, 'Building on reality', by attempting to enshrine an 'entirely new approach' to public enterprise with the 'primary emphasis' on commercial viability and profits.

The general election of 1987 was the first in which the issue of privatization was seriously aired at national level. Up to then the official attitude of the main political parties remained 'vague, but slightly hostile' (Sweeney 1990, p. 195). Only the Progressive Democrats, a small party of the right, entered the election with a clear commitment to a policy of privatization. In contrast, the prospective incoming Taoiseach, Charles Haughey, was at pains to reassure the General Secretary of the Irish Congress of Trade Unions, in a pre-election letter, that Fianna Fail had 'no intention of privatizing established state bodies' (cited in Dail Debates, 30 January 1991, p. 823).

#### *The programme for national recovery*

The widening sense of fiscal crisis enabled the incoming Haughey administration of 1987 to negotiate with the 'social partners', including the main union, employer, and farming organizations, a tough two-year programme to improve the overall competitiveness of the economy and provide the foundation for a return to economic growth. The programme for national recovery actually contained a restatement of the traditional view of state enterprises as national development corporations, and a promise to retain all of the profitable state companies in public ownership. However, it also set the scene for one of the most radical rationalizations in the state sector's history, as agencies were closed or merged, and overall numbers in the public service reduced dramatically.

Meanwhile, support for privatization in the wider national context continued to grow apace. The endorsement of the Single European Act by referendum in 1987, and the European Community's programme to complete the single market by 1992, further helped to raise general consciousness about the need for competitiveness in state enterprise. In August 1988, a *Sunday Independent* poll indicated the level of public support for the privat-

ization of some of these enterprises at 42 per cent, with 32 per cent against, and the remainder undecided. By 1989, there was a 'strong lobby' in favour, comprising 'the Confederation of Irish Industry, the Construction Industry Federation, the Federation of Irish Employers, most economists employed by financial institutions, a few academics, stockbrokers and the Stock Exchange' (Sweeney 1990, p. 196). All were concerned with the need to reduce government borrowing and restore order to the public finances. In addition, the Dublin Stock Market had developed by the mid-1980s, but there was an acute shortage of quality Irish equities. On the broader canvas, the political perspective was also changing. The Irish experience was taking place against a background where 'deregulation was the name of the game' in the European Community, and the concept of 'state-ownership for the sake of it' had 'gone'. It was also taking place against the background of the 'Thatcher revolution' in Britain, which helped to keep the issue alive in the Irish public domain. Few chief executives of state-owned enterprises joined in the lobby for privatization. The CSET chief, Chris Comerford, was one of the exceptions. Opposition in the Dail came from the Labour Party and the Democratic Left, but the most influential and vocal opponents of privatization were the trade unions.

The general election of 1989 returned a Haughey-led coalition of Fianna Fail and the Progressive Democrats. By then Haughey's official line on privatization had softened, thanks in no small way to the influence of the Progressive Democrats, and his new administration's programme for government promised that 'any changes in the ownership structure of particular state companies will only take place if it is in the public interest and in the best interest of the company and its employees, and following consultation with the social partners'. However, many of the advocates of privatization remained pessimistic, and continued to believe at the time that the sell-off of state industries was 'set to go farther in Eastern Europe' than in 'capitalist Ireland' (*Sunday Independent*, 11 February 1990).

#### *The privatization of CSET – the final stages of the process*

While the overall context in the late 1980s became progressively more 'conducive' to privatization, the transition within CSET towards commercialization was progressing at pace, and these two transformations at national and firm levels continued to be mutually reinforcing. In 1984 Chris Comerford succeeded Maurice Sheehy as managing director. Sheehy was a transitional figure in whom the elements of the developmental and commercial ideologies had co-existed. Comerford was more commercially minded. During Sheehy's tenure he had headed up the planning group that played a key role in preparing the company's case to the Joint Committee of the Oireachtas. He was also more direct in his approach to commercialization, going through the company 'like a tornado', and setting aside 'any lingering notion that the Sugar Company was a public service' with a 'succession

of major rationalisations and plant closures' (*Sunday Independent* 8 September 1990).

Comerford, and his chairman Bernard Cahill, moved quickly to close the Tuam plant in 1986, after years of political prevarication. In the wake of a particularly poor beet campaign, they managed to get the workers to face up to the inevitable and accept a redundancy package, before the politicians had the chance to get involved. Comerford and Cahill quickly followed this up by signalling their determination to consolidate the sugar operation around two plants, raising doubts about the future of the Thurles facility. During the 1987 general election campaign, Michael O'Kennedy, the local Fianna Fail representative, promised to keep the Thurles factory open if his party was returned to government. By then however, the state enterprise game at national level was already changing and this was a promise that he was not able to keep, even from his vantage point as the new Minister for Agriculture. The Haughey Cabinet stood by the company's intentions and issued a statement to the effect that the future of Thurles was 'a matter for the board in the exercise of its commercial responsibilities and judgement' (O'Toole 1989, p. 15). Sugar processing at Thurles ceased in 1989.

Over 1985-89 period the Comerford-Cahill partnership had transformed CSET into a robust commercial undertaking. In the mid-1980s, when Comerford took over the leadership, the company was posting losses and looked like a very poor prospect for privatization with a valuation of not more than £20m at the time. The rationalization measures that he implemented saw the company slimmed down, its profits climb, and its value rise to £120m. Comerford, through his performance and 'crusade' over the period of his leadership, had 'done a lot to help create the climate of acceptance' for the privatization of CSET 'inside and outside the company', though the 'consistency with which he advocated' privatization had 'not always met with official approval' (*Sunday Independent* 11 February 1990). He was fully supported in this crusade by his chairman.

By the late eighties the company was ready for further expansion. The sugar business had been modernized and consolidated, but offered little potential for growth. Furthermore, its longer-term future remained uncertain. The European Community was in surplus and consumption was in decline. For Comerford and Cahill the company's future lay in growth through diversification, and such a strategy was likely to need more funding than the core business alone could supply. By 1989 the chairman was publicly advocating 'access to the stock market', since it was 'neither reasonable nor practical' to expect the government to provide the additional capital required (Annual Report, CSET 1989, p. 10).

In 1989, prompted by the company's urgings for more equity and the Thurles controversy, the government set up an *ad hoc* committee to examine the options for CSET. It consisted of representatives of the Industrial Development Authority, the Departments of Agriculture and Finance, along with the CSET chairman. This activity was happening against a background



where private companies in the Irish and foreign food sectors were showing an increasing interest in acquiring the company in the aftermath of the Tuam and Thurles rationalizations. It was also happening at a time when a number of the leading dairy co-operatives had been privatized, in order to widen their access to funding for future development. It was further happening against a background in which the absolute opposition of the trade union movement to privatization was softening. While remaining opposed to privatization in principle, the Irish Congress of Trade Unions was finding itself under increasing pressure to consider options other than continued public ownership, for at least some state enterprises, like the troubled Irish Steel, in order to try to secure the jobs of its members. As one senior official recalled, the movement was coming to realize that it 'could not stay pure and continue to be relevant' in the face of such difficult challenges.

During the period in which the *ad hoc* committee was still in operation, the company acquired a 50 per cent stake in Odlums, the flour miller. The scale of the funding involved helped to focus attention on the future financial needs of the company and forced the pace on privatization. At this stage CSET began to seize the initiative and prepared a report for government indicating the various constituencies to be addressed, and how their concerns might be assuaged. In making this move, the company knew that by then it was pushing an open door. Fianna Fail, in government, had always tended to be more pragmatic than doctrinaire, whatever the public rhetoric, and by late 1989 company strategists, through their informal contacts, were able to determine that Haughey was not against the move. As one senior CSET executive explained, 'he did not say yes, but did not say no, so that allowed us to work ahead of a government agenda'. However, the economic rationale was building up, and so was the potential political risk of undercapitalizing a successful state enterprise and undermining its future potential. The Haughey government's 'pragmatic' approach in the face of no public change of policy was seen by some contemporary commentators as 'privatization by stealth'.

Once the CSET report was accepted by government the main attention turned towards implementation. A committee was set up under the direction of a senior official from the Department of Finance to supervise this phase of the process. The most important political concerns related to the main interest groups directly involved in the process, the state, the company, the employees and their unions, and the beet-growers. The presentation of the legislation before Parliament was a low-key affair, with little real ideological debate. In the case of the unions, a senior executive of the company remembers that 'the "family silver" argument was in play, but when it got down to the nitty-gritty, it was mainly about redundancy terms and employment terms'. Many of the workers could see potential benefits in the privatization for themselves and the company, provided that their interests were well protected. In the final agreement the union restated its

opposition to the privatization of CSET, while recommending the hard-won terms for acceptance.

With the beet growers 'there were no "family silver" issues'. The main strategic concern for them was ensuring that the national beet quota could not be transferred out of the country at any stage in the future once the company had passed to private ownership. This concern had been anticipated in the company's proposals. With this resolved, the growers tried to barter support for privatization for concessions on beet price, and the company refused. The growers opposed the privatization but their opposition was not sufficient to undermine the process. The government decided to retain a 'golden share' as the means to protect the beet quota. In fact the government originally intended to retain a majority stake in CSET, a position supported by the unions, but the company argued strongly that the privatization process would not be successful unless the state was willing to confine itself to a minority shareholding. In the event, the government retained a 45 per cent stake on flotation. The company name was changed for privatization, and CSET was launched on the Irish Stock Exchange as Greencore plc in April 1991. It was a historic day for the company, and a watershed in the wider history of state enterprise in Ireland.

## ANALYSIS AND DISCUSSION

### **The privatization of CSET – logical incrementalism?**

If we were only interested in understanding the process of privatization at CSET from the perspective of the firm, we might be well served by analysing it through the lens of logical incrementalism (Quinn 1980) and interpreting it primarily as a process of firm-level strategic change.

Certainly, the way the company and its strategists pursued their commercialization strategy from the mid-1970s onwards reflects the type of purposeful but flexible approach conveyed in the Quinn model. We see this in the determination of the company's leadership to go ahead with the £90m modernization programme in spite of the unwillingness of government to provide fresh equity to support it at the time. We see it further in the way that the company did manage finally to secure the additional capital by adapting itself to the Joint Committee of the Oireachtas investigation and using it opportunistically to advance its main strategic aims. We also see it in the timing of its first announcement of the Tuam closure. Furthermore, consistent with the logical incrementalism model, the company and its strategists clearly learned valuable political lessons from the 1982 Tuam controversy that were skilfully applied when it made the decisive move on the rationalization of the plant four years later, and then followed it up with the closure of the Thurles operation a short time afterwards. When the company's strategy logically evolved beyond rationalization to diversification, the economic and political arguments for continued state involvement in its activities were further diminished, and it might be argued that by then the privatization of the company was only a matter of time.

The company's overall strategy on commercialization and privatization reflects the logical incrementalism model in other ways. CSET and its strategists can be seen to have proceeded 'flexibly and experimentally from broad concepts towards specific commitments', rather than just implementing a fully pre-formulated strategic plan. For example, the initial goal was commercialization, and remained so during the tenure of Maurice Sheehy until 1984. This later evolved into the more ambitious goal of privatization, under the leadership of Chris Comerford. In sum, the whole privatization process at CSET can be seen to represent a good example at firm-level of a company being very effective in integrating the rational-planning and power-behavioural dimensions of strategy formation in a consciously managed process, characterized by the flexible pursuit of a relatively steadfast overall vision.

*An ensemble des jeux – an alternative interpretation*

Powerful though it is, the logical incrementalism model still misses some essential insights into the nature of the process that should be of interest to firm level strategists and national policy makers alike.

Logical incrementalism, as conceived by Quinn (1978, 1980), sees the process primarily through the eyes of company strategists, and tends to treat the wider context largely in 'out-there', objective and impersonal terms. When we shift the level of analysis beyond the confines of the firm, and allow ourselves to take a more social-constructionist view of context, other interesting features of the process come into greater relief. Company strategists may have been the most active agency involved in the privatization process at CSET, but they weren't the only one. Nor were they the most powerful. The final decision on privatization rested with government. The unions were also key players, at national level, while the CSET workers and beet growers were among the main players at the level of the firm. All of these players had their own agendas. For example, in the case of the government and the unions, the privatization process at CSET was just one element in a much more extensive set of relationships and interactions, reflected in the wider industrial relations process throughout the state sector, and in the programmes for government negotiated with the other social partners (i.e. employers and farming organizations). Such a social-constructionist perspective on firm-context interaction is at least partly accommodated in some versions of incrementalism, particularly those developed for the public policy field. Lindblom (1959, 1965) has characterized this wider process of social interaction as one of partisan mutual adjustment.

However, such a characterization is still somewhat limited and atomistic. The data indicate that the privatization process at CSET should be seen in more holistic terms as an integral part of a larger process, the story of how the normative context for state enterprise was transformed in Ireland over the 1975 to 1990 period. The rationale for seeing it in this way is not just a question of level of analysis. It comes from the empirical observation of company strategists themselves that the commercialization of the company

began with a 'mind-set' change within CSET, but could not have progressed without the 'similar mind-set change' on the role of state enterprise that was happening in the wider context. In short, the privatization process at CSET can be even more fully understood when analysed as the story of two parallel and mutually influencing transformations, one at national level and the other at the level of the firm. For further analytical insight into such a process we must go beyond incrementalism and look for help from a more multi-level perspective on social action.

The ensemble des jeux perspective on social action differs from the incrementalist perspective in two important respects (see Crozier and Friedberg 1980, pp. 169–75). Firstly, it draws attention to the role of normative context in regulating the way in which mutual adjustment processes are pursued and played out by all of the social actors and agencies involved. Secondly, it presents a more dynamic model of the mutual adjustment process that is open to the possibility of new values being created and new learning taking place of a higher-order or transformative nature. When viewed within the ensemble des jeux perspective the central analytical question of interest is no longer the narrow one of how did purposeful strategists at the level of the firm manage to bring about desired change which involved the support, or at least acquiescence, of other powerful groups both within and outside the organization. Rather, it becomes the wider one of how did a new normative context for state enterprise in Ireland evolve to the point where CSET strategists were able to pursue successfully the privatization of the company, an objective that would have been impossible to achieve a decade earlier.

The privatization of CSET would not have been possible in the first place without a process of higher-order learning or transformation in the internal mind-set of the company. From its foundation CSET was one of the flagships of the 'state enterprise as development corporation' game that was established under the policy of national economic self-sufficiency. The internal mind-set of development corporation reached its zenith under the leadership of General Costello, who personified this ideology, and had attracted into the organization people of like-minded persuasion. However, the early seeds of transformation were also sown during Costello's tenure when the company, responding to the challenge posed by the shift in national policy towards export-led growth, diversified into convenience foods. The food project began to expose the company to new commercial challenges, with different rules and different players. It also brought new people into the organization with a more commercial orientation – business professionals, rather than economic patriots. The diffusion of the commercial mind-set received further impetus with the arrival of Tony O'Reilly as Costello's replacement, but failed to reach critical mass when the food project plateaued at less than a quarter of overall company turnover. The second major impetus came when the sugar business faced the loss of its protected status on the home market following Ireland's entry into the Eur-

opean Economic Community. Company strategists returning from a tour of European producers were 'staggered' at the levels of investment that were being made, and feared for the survival of the core business without a substantial modernization programme. This first major question mark over the future viability of the core business was the breakthrough point in the ascendancy of the commercial mind-set within CSET. By the late 1970s the state enterprise game within CSET had become largely a commercial one, though company strategists still had to play externally by the old rules until a similar breakthrough had taken place in the wider normative context.

By the early 1980s the seeds of change had already been sown in this wider context. As many companies throughout the sector started to post losses for the first time in their histories, the debate about the future role of state enterprise began to gather momentum. Furthermore, hard pressed government departments working under severe fiscal constraints began to question their own involvement in, and responsibility for, enterprises like CSET. The shift in mind-set about the role of state enterprise in the wider normative context gained further impetus with the publication of the report of the Joint Committee of the Oireachtais. However, for CSET the defining episode in the ascendancy of the commercial mind-set at national level was the Tuam closure. When the company, steeled by the powerful legitimizing support of the Joint Committee's report, tried to assert its right to operate commercially by announcing its intention to close the plant, it brought the forces for tradition and change in the wider normative context into more direct and visible confrontation. This was to be the last major public confrontation between the old and new ideologies on state enterprise *en route* to privatization. In contrast, the subsequent rationalizations and the final move on privatization caused little national debate, so much had the wider context been transformed in less than a decade.

The main significance of the Tuam controversy in the story of the CSET privatization lies less in the particular details of the episode itself than in the part that it played in bringing the transformations at firm and national levels into temporary visible conjunction. After this episode the two transformations continued their trajectories in more loosely coupled fashion. However, the Tuam controversy was a 'rupture' of the kind that Crozier and Friedberg (1980, p. 224) recognize as being needed to allow the process of partisan mutual adjustment to be shifted onto a new plane. While the government and the unions at the time continued to play the state enterprise game by the old rules, they did so with a degree of equivocation that would not have been evident even five years earlier, and their ongoing attachment to the old game was further loosened by the controversy. In short, by focusing the conflict between traditional and emerging mind-sets onto a very concrete issue, a defining episode like the Tuam controversy helped to propel the transformation in the wider context much closer to breakthrough and self-sustaining momentum.

Finally, the ensemble des jeux model is not a purely determinist perspective, though it is much more sensitive to how social action is structured by normative context than the incremental model. It also recognizes the crucial role that must be played by individuals, if an ensemble des jeux is to be shifted onto a new plane, and true systemic learning is to occur. As Crozier and Friedberg (1980, p. 226), themselves, have put it: 'Mutual adjustment is not sufficient to cause a new model to emerge, because human initiative and leadership are indispensable . . . if rupture is to have a chance of leading to positive learning experiences, it is necessary that individuals take responsibility for the process at some point.' The roles played by key actors like Chris Comerford and Bernard Cahill at firm level, and eventually by Charles Haughey at national level, were crucial in ensuring that the process of transition to the new state-enterprise game was not allowed to regress, once the momentum got going. Comerford's swift and direct moves on the closure of Tuam and Thurles were key, as was Haughey's role in overruling the regressive tendencies of his own Minister for Agriculture over the Thurles closure, and in helping to bring, and keep, the unions on board.

## CONCLUSION

Though the primary momentum for the privatization process at CSET, the first in the modern Irish context, was largely driven and sustained by strategic action at the level of the firm, firm-level models of strategic change were found to be limited in the insight that they offered into the nature of the process. The multi-level ensemble des jeux perspective of Crozier and Friedberg (1980) seems to present a more descriptively accurate and conceptually sound way to analyse such a process for a number of reasons.

To begin with, the foregoing analysis shows that the privatization process at CSET was not just a case of a single strategically active agency navigating its way through a changing environment over which it had very little direct control. The process involved multiple actors and agendas, and the rational-analytical and power-behavioural dimensions of the process extended across the boundaries of the firm. The Quinn (1978) model's relative insensitivity to the role of social action in the wider context is not sufficient grounds in itself for going beyond the incrementalist perspective. By using some of the concepts developed by Lindblom (1959, 1965) in an earlier version of the model, we could have tried to interpret the privatization process at CSET as one of 'partisan mutual adjustment', in which each of the key social agencies involved pursued their own interests within their own local rationalities in a logical incremental way. Lindblom's version does not simply imply an anarchic free-for-all, but sees this process resulting in collective action which a posteriori will be seen to have its own system-level rationality, somewhat akin to the operation of Adam Smith's invisible hand in the market system. However, unlike the Quinn model, the Lindblom perspective on incrementalism tends to give very little recognition to the role played by a priori rationality and direction in such a process – yet,

evidence for this was very strong in the case, particularly in the behaviour of company strategists.

Even with some synthesis of the Quinn and Lindblom models, a major problem remains. The biggest limitation of the incrementalist perspective is the lack of recognition given to the role played by normative context in shaping such processes and their outcomes. This is where the *ensemble des jeux* perspective of Crozier and Friedberg (1980) comes into its own. The foregoing analysis shows that there was a systemic rationality directing the process, with roots in wider contextual and historical change. The central question at the heart of this systemic rationality concerned the changing role of state enterprise in the Ireland of the 1980s and beyond. The key social actors involved in the process were thus engaged in reflexive interaction with their normative contexts in ways that went beyond their narrow self-interests, and the process of partisan mutual adjustment was circumscribed for the players, both individually and collectively, by their normative contexts.

In short, the *ensemble des jeux* perspective extends the incrementalist model by highlighting the need to link the rational-analytical and power-behavioural dimensions with a further social-legitimation dimension. It incorporates a sensitivity to the role played by normative context in circumscribing social action. In this, it reflects the concern of the neo-institutionalist perspective to recognize the importance of social, as well as economic and political, rationalities in determining the pace, progress and outcomes of such processes as the privatization of CSET (Meyer and Rowan 1977; DiMaggio and Powell 1983; Greenwood and Hinings 1996). Yet, it does not accord as much primacy to the influence of normative context as do the neo-institutional theorists, nor does it assume as high a degree of normative homogeneity (as reflected in the use of the plural '*jeux*' in the framework). It reflects the softer kind of institutionalism implicit in the contextualist perspective of Pettigrew (1985, 1987), in which social actors are seen to actively engage with their normative contexts rather than just being passively embedded within them (Whittington 1990; Hung and Whittington 1997). Moreover, like the contextualist perspective, it sets out to present a framework within which to analyse the dynamics of social change, which is an aim that has not been prominent in neo-institutionalism to date, as Greenwood and Hinings (1996) have recently pointed out. Yet, the *ensemble des jeux* framework goes beyond the contextualist perspective in recognizing the role of systemic rationality in social change, over and above the collective strategies of the partisans, however contextually sensitized. The privatization process at CSET was seen to have a system dynamic, reflected in the interplay between the semi-autonomous but mutually re-inforcing transformations at firm and national levels. Furthermore, the process was seen to involve, and require, systemic learning to be successful, in which new values had to be, and were, created, in the process of shifting the whole level of partisan mutual adjustment onto a new plane.

The main practical implication of viewing such a process through the ensemble des jeux perspective lies in the deeper understanding that is presented of its systemic nature and normative, as well as rational and political, character. However, the ability of the perspective to offer more precise prescriptions is still somewhat limited and must await further developments in the application of systems thinking and learning theory to the analysis of social change. For example, the normative contexts governing the strategies of different social actors are not homogeneous, but plural and often in partial conflict (Whittington 1990; Hung and Whittington 1997). So major challenges remain in trying to develop practical approaches that can help strategists to identify and analyse the key dimensions of normative context governing their own actions and those of the other partisans. Furthermore, the question of whether systemic learning and mind-set change of the type involved in the CSET case is possible without the stimulus of naturally occurring rupture or crisis demands further study.

The notion that the transformation of normative contexts typically requires some form of rupture or crisis is a common theme in the related literatures on strategic and structural change (Starbuck *et al.* 1978; Pettigrew 1985; Johnson 1990; Gersick 1991; Oliver 1992). It is also a common theme in the literature on institutional learning, particularly among those who make the distinction between lower and higher levels of learning (Argyris and Schon 1978; Fiol and Lyle 1985; Levinthal and March 1993), and associate the higher-level type with fundamental mind-set or paradigm shift. Can such transformation-catalysing ruptures be deliberately stimulated, and if so, how? There are some indications from the recent literature in strategic management that the generation of 'aspirational' crises, with equivalent effects, may be possible at firm-level (Nonaka 1988; Senge 1990; Hamel and Prahalad 1993). They may even be possible at national level (Horsley and Buckley 1990; Kim 1997). However, this remains a question, with particular implications for the further development of the ensemble des jeux perspective, that requires much further research.

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# PERCEPTIONS OF FEDERAL MANAGEMENT IN THE CLINTON ERA

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This article examines aspects of planning, budgeting and reorganization in order to evaluate what improvements have been undertaken during the Clinton presidency to improve government performance in the United States national government<sup>1</sup>. The authors develop a model of government reform based upon a series of escalating steps. These are: (1) internal government improvements; (2) fundamental restructuring and reorganization of agency operations; (3) programme reforms, driven by internal management; (4) programme reforms – driven by policy and political change; (5) reform of the political system itself. The authors conclude that while the National Performance Review and Government Performance and Results Act are the centre-pieces of this effort, reform will continue in the US after NPR and GPRA wither away because the time is right for reform for a variety of reasons discussed in the article. The findings are then focused in a broader context in terms of their applicability to western democracies which could result in smaller more successful governments in the twenty-first century.

## INTRODUCTION

The era of the Clinton presidency has thus far been noteworthy because of prolonged battles over the federal budget, and various attempts to improve federal management. The former is not especially surprising, but the latter is, because there is little or no public or political constituency for management reform. In this current era of distrust of government and angry voters, management reform for most people means simply reducing the size and scope of government. As may be expected, politicians have seized on the negative aspects of this attitude and have given citizens what they seem to demand. It is rare today to hear politicians of either party speak of how they intend to improve government effectiveness if it costs more money or involves hiring more people.

Carrying this attitude further, politicians do not appear to place a premium on managerial improvements advanced by career civil servants, even where the case can be made that the functioning of programmes has been improved. One political reaction is likely to be 'improvement is what you are paid to do every day', with little recognition given to how the career

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managers are constrained by political oversight when they advocate change. Instead, the standard viewpoint generated by both politicians and the media revolves around 'bureaucratic' errors and ineptness, rather than the fact that 40 million social security checks are received on time, or that the bulk of federal operations are delivered with reasonable effectiveness. Horror stories catch the eye far more than solid, if unexciting, public performance.

In this review, we will look at specific aspects of the three managerially vital activities of planning, budgeting and reorganization in order to evaluate what improvements have been undertaken to capitalize on the perceived need to improve government performance.

It should be noted that presidents rarely express sustained interest in federal management. Political promises and rewards are obviously far more satisfying. The congenital deficit in the federal budget is viewed more as a political constraint on developing new programmes than as a cause for re-evaluating public programme necessity or performance. At best, management reforms, even in a period of declining deficit, are seen as surrogates for the far more politically difficult chores of reforming public programmes themselves, or finding genuine ways to reduce the deficit.

The three-sided election of 1992 brought former Arkansas Governor William J. Clinton to the presidency. While governors tend to be more management minded than other presidential candidates, Arkansas has not historically been known for effective state government, in part because, as a one party state, the elements of effective competition have been missing. But Governor Clinton did make state management reform a part of his governing, and this interest has carried over into his presidency. Within two months of taking office, President Clinton launched a government-wide management reform initiative under the direction of Vice President Al Gore '... To redesign, reinvent, to reinvigorate the entire national government.' This formidable task was no less than to 'make the entire federal government both less expensive and more efficient, and to change the attitudes of our national bureaucracy away from complacency and entitlement towards initiative and empowerment.' The actual initial effort however was far more narrow, focusing primarily on a range of activities that were deemed managerially inefficient such as budgeting, procurement and personnel management.

This effort was called the National Performance Review (NPR), and its initial findings and recommendations were made public with great fanfare in September of 1993. Since that time they have served as the central strategy and guide for many subsequent Clinton administration management strategies, and for reform activities in the departments and agencies of the federal government.

At the same time, the Congress, then in the hands of the Democrats, had decided to get into the reform act in a new and broader way through the passage of the Government Performance and Results Act (GPRA) in August

of 1993 (P.L. 103-62). Together, these two initiatives represent an almost unprecedented coincidence of political initiatives – one presidential and one congressional – to reform federal government operations, and provide a blueprint for action against a series of goals of varying merit and importance.

In the midst of the Clinton administration's efforts, the November 1994 election swept a Republican majority into both houses of Congress. But the Republicans too offered an even more startling legislative agenda of reforms to change not just the 'management' of government, but the government itself. Extending beyond both the NPR and the GPR, their 'Contract with America' advocated such fundamental changes as term limits, the line item veto, a balanced national budget, and even the reform of Congress itself. These reforms are aimed at giving the American public an alternative set of ideas about how to change the government they have come to suspect. It is widely perceived that the new Republican challenges galvanized the Clinton administration into further and broader reform proposals, and suddenly, government reform became remarkably high on the political priority lists of both parties, and of both the legislative and executive branches. The election of 1996 resulted in an uneasy compromise that aims at giving both parties latitude to address reform issues they see as their top priorities but it has also revealed the kinds of political conflict and squabbling that seems inevitable even for such relatively apolitical matters as government reform.

Government reform became a debate which centered around two visions of the government's future, and much of the two years leading up to the elections of 1996 revolved around which party could draw the most political value from the 'reform' agenda. The Congressional Republicans, chose to make a balanced budget the central focus of their strategy, and appeared to have brought the President around to this view. But meanwhile, the President has returned to fiscal protection of politically popular specific programmes for which 'budget cutting' is a perceived threat. And on this basis, he 'bashed' the Republicans in the 1996 elections. A new compromise was forged in 1997, but it stemmed mainly from the happy consequences of surging economy rather than any serious budget cutting. Despite the protracted deadlock that this budget balancing debate created, the political tides may still be propitious for the implementation of major government reform. But we are learning that 'reform' has many definitions and, as usual, is turning out to be more difficult and complex than originally recognized. But still – it has not gone away as it has so often after past elections.

In fact, we believe that both management reform, and the broader concept of 'government' reform are proving to be a series of escalating steps – escalating in terms of scope, complexity, and the political willingness to invest political capital in reform initiatives. The escalation steps are roughly as follows:

- (1) Internal government administrative and management improvements.
- (2) More fundamental restructuring and reorganization of agency operations and service delivery.
- (3) Programme reforms, driven mainly by internal management motives and techniques.
- (4) Programme reforms – driven by policy or political change.
- (5) Reform of the political system itself – Congress and the Constitution.

The first step, represented by the NPR, is essentially 'administrative reform'. This step emphasizes *how* the government performs. It does not question what government does, but only how well it operates in a management sense. The implication of this level of reform is that the 'bureaucracy' needs to change because it is not functioning at optimal levels of economy and efficiency. But the unspoken frame of reference is that the political definition of the need for, or the value of public programmes is not to be questioned, and that the politicians are not the problem. This is clearly a view tied to a party which controlled Congress when virtually all the existing programmes were enacted, and it says 'the programmes are basically good and valid – it is only the implementation by the bureaucracy that is at fault.'

But the advent of Republican control of the Congress, and continued public pressure for better governance forced the recognition that this level of 'reform' was not going to satisfy; and increasingly, the Clinton administration turned to a second and more demanding level of restructuring and reorganization, in which emphasis has been on challenging the current overall structure of agencies, the way in which their programmes are delivered to their clients, and the need for the rationalization of structures that have become obsolete, duplicative, and designed for bureaucratic administration rather than customer service. Strong examples have been the streamlining of the enormous field office structure (17,000 field offices of various kinds) of the Department of Agriculture, or the reorganization of the Federal Emergency Management Agency to provide more consolidated 'one stop' assistance to communities in emergency situations.

And slowly and reluctantly, a third level of reform is being undertaken – that of reforming public programmes themselves. To reach this level requires that the political policy makers finally admit that they themselves are part of the problem, and that they must re-evaluate public programmes not just in terms of satisfying the constituents of each, but in broader terms of fiscal scarcity, greater competitiveness for scarce public resources, and a broader vision of public needs. The primary method for this has been through budget 'caps' for discretionary programmes. Reform is also being forced by not allowing annual budget increases, by not factoring in any inflation growth, and by other budget manipulations short of actual programme reduction. This kind of reform still falls short of actual elimination

or redesign of programmes, but it is more tolerable for the Congressional interests that mandate and defend each programme.

There are two additional levels of government reform which are somewhat beyond the scope of this article. They are reform of the political system itself, and finally, Constitutional reform. We will limit our assessment to managerial reform, restructuring, and the new re-examination of programmes in 'public necessity' terms, and we will concentrate efforts to upgrade the value of some traditional managerial skills – strategic planning, budgeting, reorganization – in carrying out the new political signals for reform. We feel that, without improving these critical management skills, reform will seldom succeed regardless of what you call it.

The use of strategic planning is now, for the first time, linked to a major law – the Government Performance and Results Act – which mandates that government agencies do both strategic and performance planning, more effective (and honest) programme evaluation, and more disciplined feedback to the political leadership about whether programmes are working well or poorly. The toughest challenge of GPRA however is not managerial – it is whether the Congress and the President have the willingness and the courage to deal with franker and more disciplined assessments of favoured public programmes. The basic question which 'programme evaluation' begs is whether real measures of programme effectiveness will fail to justify expensive and popular programmes. The course of government reform has often withered and died on this political test.

## STRATEGIC PLANNING

It is a fact of life in the federal establishment that little of real significance can be decided solely by career agency officials. Almost everything that has the potential to change policy, change budget demands, reallocate authority, or worry the clientele must be put through the wringer of political oversight. Thus, strategic planning is one of those 'shared powers' of government that is so complex and so confusing to those outside of it – or even inside, for that matter.

For many agencies, there is an even more fundamental step – to figure out how to *do* strategic planning in the first place. It is a sad commentary on the federal establishment that the role of strategic planning has shifted more and more to Congress and to the political officers in the last few years, while professional planning in the agencies has withered or has lacked real credibility. This fact alone heightens the remarkable circumstance of the Congress passing the GPRA legislation which mandates strategic planning in the departments and agencies. Certainly, strategic planning is the responsibility of the political actors, but there is no reason why the professional bureaucracy cannot and should not be important contributors to this political process. In any event, career expertise is critical to the kind of second and third level strategic planning required by the GPRA.

But the real crux of the strategic planning mandate is likely to be in the

relationship between the plans of the agencies and the response to these plans in Congress. GPRA states and assumes that such strategic plans will be consistent with existing laws and regulations. In other words, the language of the GPRA statute itself seeks to confine the role of the government manager to measurement and analysis, and protect against a bureaucracy that is tempted to think about why programmes exist or how rationally they are designed.

And yet that is exactly the most exciting and ultimately rewarding aspect of a law like the GPRA, because it appears to require by law a searching re-examination of existing programmes. Let's assume that the GPRA mandate is taken seriously, and a reasonable and logical sequence of planning and programme performance evaluation is indeed followed with reasonably high competence in the departments and agencies. Only an innocent or an idiot expects that the results will validate every aspect of every public programme. Most programmes will survive this more searching assessment, but it is certain that some entire programmes or parts of programmes will be more clearly and sharply revealed to be obsolete, ineffective, of marginal value or of excessive cost in terms of their public outcome. The question is, 'What will Congress do with these evaluations?' How well or poorly Congress reacts will have enormous consequences on the continued use of GPRA or any other form of real planning in the agencies. There are several potential options ranging from the optimistic to the deeply cynical.

First, we might as well be optimistic. GPRA has the potential, *if enforced*, to create a real revitalization of the capacities of agencies to do responsible planning. Strategic planning will be encouraged and abetted, and the career staff will have greater standing to face up to their political leadership and insist that strategies and plans in fact be formulated and articulated. If viewed positively, political leaders can reconcile staff inputs and plans with their own political intentions. Assuming that such political consensus can be reached, strategic plans will become realistic and operable. This alone would be a fantastic improvement. Neither strategic planning nor subsequent performance planning can be worth anything if they are opposed by political forces that can prevent their effective implementation, and that is often exactly what happened in the past.

How all, or portions of, the Republican 'Contract With America' and its follow-on efforts fit into this scenario remains to be seen because the Contract was designed in a manner that did not even give a nod to the existence of the GPRA. It is possible that the new Republican Congress may find an ally in GPRA and use it as a basis for cutting costly or ineffective programmes. At least, GPRA may give the Republicans a 'cover' to do what only they already want to do.

The pessimist's scenario is, of course, the 'flip side' of the optimistic. GPRA's assumed faith in the political apparatus may prove misplaced. Congress may regard determined and more disciplined programme evaluation as a threat rather than as a means to 'improve congressional decision



making.' The law may well end up putting pressure only on career people, leaving the political leadership untouched. Agencies will surely be required to prepare enormous mounds of new paperwork, and GPRA may end up as just another sterile paper exercise. More 'measurement' will certainly be done, but not much more 'evaluation', and people in governments recognize the enormous difference between the two.

But what is extraordinary today is that seldom has there been a political environment more favourable for real reform of public programmes as contrasted with merely attacking administrative management. Both the Clinton administration and the Republican leadership now controlling both houses of the Congress appear determined to address the basic programmes of government with the will to bite a few bullets. Whether the clientele interests that dominate will prevent them from doing so has yet to be determined, and this debate, if in fact it is tenaciously pursued and not abandoned can make fundamental differences in the federal government. This can be the basis for ending 'big government' as both sides purport to want. *What can at least be said at this point is that the Congress, and especially the House of Representatives have been taking the GPRA impelled strategic planning process quite seriously. In the House, the leadership has appointed many informal review groups representing the concerned committees to review agency strategic plan proposals, and render co-ordinated and generally well considered responses.*

## THE BUDGET PROCESS

Federal budgeting is an old skill, often abused. It is currently carried out within the context of budget agreements reached in 1990, 1993 and 1997 by a Republican president and a Democratic Congress; a Democratic president and a Democratic Congress; and now a Democratic president and a Republican Congress. This approach views government spending in terms of mandatory spending, discretionary spending, and net interest, and it has introduced a new set of groundrules into modern federal budgeting.

As we near the close of the twentieth century, there are a few observations that can be made about the condition of federal budgeting. The first is that the mandatory spending for entitlements and interest payments constitute over 60 per cent of the federal budget as of Fiscal Year 1998. This number has continuously grown over the past three decades and will continue to grow relentlessly unless major changes in the relevant laws are enacted. There is a question as to whether changes will ever occur because of political constraints. Conversely, as these mandatory expenditures grow, the discretionary portion of the budget shrinks. This policy of narrowing of budget options seriously decreases the rational choices available to succeeding presidents and decreases the ability to formulate meaningful budget agreements. The budget agreements have virtually straight-lined discretionary spending through Fiscal Year 1998. Even minimal levels of inflation erode the real programme levels that will be implemented. Thus, declining dollars and a declining work force will likely prevent the federal

manager from substituting technology for human labour, because technology costs money, and declining budgets rarely permit such trade-offs. What occurs after Fiscal Year 1998 remains to be worked out, but early indications are that there will still be some new programmes, and some growth in existing programmes. In effect, the 'caps' will be loosened.

Traditionally, budget reductions in federal agencies tend to be absorbed in the same manner – hiring freezes, training reductions, restrictions on travel, and reduced acquisition or maintenance of real property and equipment. This results in reduced levels of programme performance while retaining all aspects of an agency mission. Managers are deprived of any possibility of 'managing their way out' of their own problems. There is obviously a breaking point with this type of reduction. Sooner or later, when reductions become severe enough, something has to give. The federal executive and manager can scarcely be blamed for cynicism when they watch the political system at work. Nobody – not Congress, not OMB, not even the agencies themselves – seem able to make accurate matches between programme needs and the legitimate personnel and budget resources needed to fulfil all these requirements at high levels of effectiveness. Programme budgets and institutional budgets have always been on two separate review tracks, and the two never seem to be properly linked. As a result, 'hollow government' shortages of staff or operating money are allowed to exist, even where it is obvious that programme delivery suffers. The budget process, which is critical to effective management and programme effectiveness becomes a negative force, imposed on a deeply troubled managerial corps. Top-down budget agreements do little to address such problems because they tend to load new programmes on an already overcrowded programme base. Budget reform is sorely needed, including the obsolete executive budget system.

*Despite the insistence of the Office of Management and Budget that 'performance-based budgeting' now be implemented, the fact appears to be that agencies are years away from being able to supply enough reliable and illuminating performance measures and indicators for all programmes that they become the basis for budget justifications. Congressional leadership appears to recognize this fact, and is likely to deal with measurement on a case-by-case basis.*

## REORGANIZATION AND PROGRAMME REFORM

Slowly, reluctantly, and with the greatest of trepidation, the political leadership in Washington is thinking the unthinkable – the reform of public programmes. For years, through the Nixon, Ford, Carter and Clinton administrations, both presidents and the Congress have tried to persuade the public that 'administrative reform', or 'cutback management' or 'reorganization' represented genuine reform of the government. The Clinton administration National Performance Review effort was justly criticized for attacking the 'how' of government management before it addressed the more fundamental 'what' questions about why each government programme exists, and

whether each is really necessary. This was clearly deliberate, and reflected the fact that 'politics doth make cowards of us all', and there is seldom the political guts to face up to programmes that are no longer justified for fear of the wrath of organized clientele interests.

But in its last few years, the Clinton administration has finally moved beyond administrative reform and mounted a far more penetrating effort of 'restructuring' of government programmes and institutions. 'Restructuring' is a combination of reorganization, programme management upgrades, enhanced customer service delivery, and internal re-engineering. But even the new surge of reform clings to some of the old political ways. Both the Clinton administration and the reformist Republicans in Congress are very preoccupied with 'reorganization', hoping that eliminating some agencies such as the Departments of Commerce, Energy, and Education, or shifting enough boxes on various organization charts will be seen by the public as genuine government reform. Attacking the civil service remains a popular substitute for more serious ventures. It is as if the politicians are attempting to persuade the public that if there are fewer bureaucrats, then the costs of public programmes will go down. This is like believing that if you turn down the thermostat, it will get colder outside. Or believing that, if civil servant salaries and benefits are cut, then government programmes will be better managed. Or believing that, if agencies are eliminated or retrenched, useless programmes will go away. Budget cuts in programmes range around 1-3 per cent; yet the public is asked to believe that such marginal cuts effectively deal with the more basic questions of whether these programmes are worth the 98 per cent of costs that remain.

How do you really reform the government, as opposed to its structure or its internal administrative machinery? There are two extremely important answers to this question. The first is attempted by the Republican leadership, especially in the House of Representatives, and that is to reform the political system itself, believing that government cannot be reformed unless political motivations are reformed. Recall that the 'Contract With America' started with efforts to reform Congressional operations by seeking a Constitutional amendment to require a balanced budget which would dramatically change the groundrules, creating new programmes and for the magnitude and cost of existing programmes. The GOP also sought to cut Congressional committee staffs, limit committee chairman's terms, open up committee meetings, enact a line item veto, support term limits, prohibit 'unfunded mandates' levied on state and local governments, and in other ways to curb what it viewed as the excessive powers of the Congress to design public programmes that cannot be afforded. Part of these proposals were based on serious clashes of political philosophy about the role of the federal government in American society. But much of this agenda is also reactive to the perception that the government is out of control, largely because of the unwillingness, and inability of the political system to reform the government where necessary.

The second major reform potential lies in the nature of the public programmes themselves. There are very few interests in the country that would seriously maintain that all public programmes are fully valid, justified and necessary. Everybody seems to acknowledge that the programme base should generally be purged and made more realistic. But individual programmes are 'locked in' by the affected clientele and special interests, and they are simply not capable of retreat or even negotiation about their piece of the action. General public outrage and pressure is routinely countered in the White House and Congressional subcommittees by insider pressures to preserve the funding and special benefits for their specific interests. The public becomes further frustrated because they do not see a pattern of response to general public needs among their supposed representatives.

But the restructuring experience which is emerging in the departments and agencies is far better than might have been expected. At the time of writing, there were at least 23 major restructuring programmes being actively pressed. Many are motivated by a new-found commonality of interests between agency programme managers and their customers. Within reasonable limits short of programme damage, customers are coming to accept that they should support legitimate reform efforts if clear advantages in customer service can be shown. Here are some examples:

1. The Patent and Trademark Office (PTO) has customer service demands that are increasing rapidly, and it was becoming more and more apparent that, in a protracted climate of federal budget shortages, there was little likelihood that PTO could meet these customer demands. As a result, customers are supporting PTO in seeking to convert the whole agency to a government corporation, financed by user charges and freed up to manage its programmes on more of a 'business' basis.
2. The Office of Personnel Management found that its regional offices were functioning less and less through walk-in applicants or mail inquiries, and more and more through electronic transactions. This made the whole regional office structure largely obsolete, and it is being abolished.
3. The Department of Transportation has, for many years, advocated the use of integrated planning of surface transportation matters at the local community level, especially for the linkage between the highway and mass transit systems. Yet the department itself has been locked into a structure of separate (and often poorly co-ordinated) organizations for highways, mass transit, and railroads. DOT's proposed solution is to create a single Surface Transportation Administration which would combine these separate organizational structures and integrate their programmes at both its headquarters and in related field offices.

*What is particularly frustrating to both political and career leadership in the departments and agencies is that, despite their heavy investments of time and effort*

*in restructuring proposals, they often face 'political business as usual' in Congress. buttressed by many fears and trepidations brought forth by clientele and interest groups. Many of these restructuring proposals are stalled, and others are proceeding with agonizing slowness.*

## **LINKS TO NPR AND MANAGEMENT SYSTEMS REFORM**

Even where agencies are dealing with potential programme delivery system reforms, most reform programmes still emphasize enhancing internal management including both structural changes and re-engineering. The following examples illustrate the range of re-engineering and management systems reforms that agencies have developed, noting that restructuring initiatives, with their real 'customer service' orientation, are proving to be more successful in gaining clientele support than are the 'good government' arguments centering around internal process improvements.

### **(a) Structural rationalization**

Most agency restructuring approaches have taken a hard look at the organization or structure of the agency, and have found much to change. 'Rationalization' as used in this context, means many things, and opens up many opportunities for agencies to 'get well' in terms of past practices. Rationalization can include the following:

- (1) Elimination of elements of the organization at any level.
- (2) A reallocation of roles and responsibilities, usually also involving the reallocation of the workforce.
- (3) Consolidations of organizational units – this may involve either programme elements or administrative units.
- (4) Physical collocation of activities into a given geographical location.
- (5) The elimination of work, leading to restructuring.
- (6) The elimination of 'layering' of the organization and the redistribution of work.

### **(b) Management systems rationalizations**

In addition to the structure-based changes listed above, there are many other management objectives that can be achieved in the process or rationalization such as:

- (1) The elimination of staffing positions, or the more effective reallocation of the workforce across the organization.
- (2) An opportunity to redefine and reallocate power and authority throughout the structure – especially to delegate real empowerment of field office leadership within the new structure.
- (3) Creation of new team groupings, especially where there are programme consolidations.
- (4) The re-education of the workforce in new customer service attitudes.

**(c) Cutting back on headquarters complexity**

In almost every case, agency headquarters have fared poorly when examined during restructuring planning and evaluation. Most were seen as archaic and outmoded, overly complex, overstaffed, unwilling to delegate, too engaged in micromanagement, and too inclined to intervene in the freedom to manage at the field level. At the same time, those roles that are best exercised at the headquarters level – strategic planning, programme guidance, integrated decision-making, and conflict resolution – were admitted to be weak and unco-ordinated. New design concepts for the headquarters include the following:

- (1) Reduction of the numbers of headquarters elements.
- (2) Shifts of operational activities out to some element of the field.
- (3) 'Flattening' of the structure, and elimination of layers in the organization from top to bottom.
- (4) Reduction of overhead costs and staffing relative to programme delivery.
- (5) Greater delegation of authority (i.e. 'real' empowerment).
- (6) The collateral reduction in headquarters 'meddling' and micro-management.

**(d) Redesign of field office structures**

Field offices are the critical parts of those organizations that deal heavily with the public, and there is a great deal of added awareness of the importance of this 'service delivery' role, and more sympathy for upgrading field office performance. But the overall field office structure (at least in the larger, more complex organizations) was perceived to be too layered, too compartmented, too isolated, and not interconnected between programmes. As a result, work flows are overly complex, bureaucratic, disconnected, and inefficient.

All the elements of rationalization listed in 3c above may be relevant in rethinking the overall field office pattern. Initial consideration was given to the simpler ideas of collocation (especially for support services) or physical consolidations of offices, but it has become apparent that these are weak responses to tough problems. Field office restructuring is escalating toward concepts of programme integration, and to the elimination of field office units where they are redundant to customer needs, or are not output efficient. *Here at least however appears to be one arena of reform that is capable of drawing clientele support where they believe that some streamlining of bureaucratic practices or reduction in time delays can be achieved.*

**GOVERNMENT SHUTDOWNS – DO WE EVER LEARN?**

Just when it seemed that both political parties, the Congress and the President were finally getting serious about reform and showing the American public a new zest for effective governance, a series of events intervened

that were so bizarre and irrational that they once again had the average citizen totally befuddled about their government in Washington. These events revolved around the failure of the President and Congress to agree on a budget for fiscal year 1996. Because of the absence of regular approved appropriations acts, and an inability even to agree on continuing resolutions to allow the government to continue to operate, several short-term closures of federal operations occurred. Only under a government of separation of powers could such a phenomenon occur. What if anything did we learn from these events?

The first thing that clearly emerged is that certain government operations were quickly defined by the White House as 'essential', and thus important enough to be exempt from any shutdown. However, the public was treated to the spectacle of a large number of other federal activities not protected, and labelled as 'non-essential' and thus closed down during the budget impasse. This unfortunate terminology was the subject of laughable political fumbling to limit the damage inflicted on public attitudes. In fact, the whole government was not closed down and there was widespread agreement that much that the government did could not be allowed to stop even for one day. This included the military establishment, air traffic control, the issuance of social security checks, day-to-day regulatory inspections, and many others. But the very fact that there was a real 'essential' list simply made the questioning more intense about public programmes not on the list. Were these 'non-essential' activities things that could be deferred for a little while, or were they things that might not really be necessary at all?

If we are to judge the impact of the federal shutdown, based on the number of public complaints received, it seems that most complaints came from employees of 'non-essential' organizations regarding the *personal* consequences of the shutdown. Not many complaints were received from the general public who were supposedly being denied essential services. At the very least, it may show that temporary interruptions of many programmes and services can be tolerated. At worst, it seems to show that many elements of the government can be closed down with consequences that are not as critical or disruptive as had been predicted.

However, there were some groups that were caught in the political crossfire. These included state and local governments which rely on federal grant funds; private companies that rely on government contract payments, and even non-profit organizations who receive direct federal payments. In each instance interruptions in federal payments did occur through the legal inability to fund contract or grant payments during the shutdown. It appears that these failures were not anticipated or well understood, and few in Congress or the White House recognized the extent to which the federal government's business is now carried out by these outside performers. Part of this quiet shift to external performance has come about through the constant pressure to reduce civil service staffs in the agencies. Where the work itself cannot be reduced, managers inevitably pushed some

of the work into the hands of state/local governments or private companies. Clearly, some better understanding must be achieved about who actually carries out the operations of government and why, and better budget protections must be provided to prevent such interruptions of service in the future. Contractor organizations argued, with some merit, that they should not be treated more harshly than civil servants in the execution of what is, after all, the public's business.

Another startling revelation is the extent to which federal funding can be sustained by the use of reservoirs of federal funds such as trust funds or retirement accounts. The Treasury Department was called upon to engage in creative fund shifting, most of which is highly questionable in nature. The Congress, and future Attorneys General will have to face the issue of whether Congressional appropriations laws should more tightly control this 'float' of public funds, and the answer may not be simple.

There is another potential to consider. If many services of government are contracted out, there is a need to develop different types of multi-year, or even permanent, authorizations and appropriations to remove these contracts from the adverse consequences of conflict politics. There are costs associated with 'stop and go' operations, even when government shutdown is not involved. The Congress has, over the last twenty to thirty years, wilfully shifted more to annual authorizations and appropriations just because they want to increase their control over funding and programme issues, and it is unlikely that they will willingly recede from this degree of control, even to achieve more managerial prudence. Most federal programmes are continuing activities in which stability and certainty of funding are critical, and they are not easily segmented into interruptable funding increments. In other cases, contracting is used to equip federal programme managers with skills that are not available within the civil service staff, or to provide additional workforce to deal with peak work periods. Even budgeting or agency planning can be performed these days with a core of federal officials supplemented by contracted assistance.

In fact, the whole nature of federal operational responsibilities is being more seriously challenged by the recent history of fiscal scarcity, and the new willingness to consider government reform through contracting. Perhaps it is time to reconsider the definition of what constitutes those 'inherently governmental functions' which must be performed by civil servants who are presumably more fully under the control of political appointees. What may be emerging is a government in which a smaller (and more professionally skilled) core of public officials control service operations that are increasingly in the hands of efficient private sector companies, or which have been devolved to state and local governments which are inherently more directly responsive to the needs of client groups.

There are no insurmountable conceptual or managerial barriers to this pattern; the real barriers are political and policy related. Clearly, where the private sector can provide services, and competition is feasible, there is little



justification for continued government staffed operations. The whole trend of the National Performance Review, the potential revealed by powerful new restructuring initiatives, and the drive for more performance-based management of agencies and programmes is pushing the bureaucracy in this direction because real management reforms are seen as both necessary and possible. The remaining issue is whether the Congress can bring itself to let it all happen.

## CONCLUSIONS

The US federal government is undertaking relatively widespread management reform during the 1990s. While NPR and GPRA are the centre-pieces of this effort, reform is broader than merely these two efforts, and will continue even if the NPR and GPRA wither away.

We have concluded that, for a variety of reasons, the time is right for reform, but the government must look beyond the budget process as the main leverage for forcing reform. If we do not, reform will wither as a consequence of the current tide of deficit reduction. There must be a larger, overreaching purpose for improving government reform than short-term politics. Each president needs to hold to this purpose and create an active agenda of reform beyond catchy phrases.

In our system of government, reform is an amalgam of managerial and political considerations, either defined in law, or incorporated in current policy leadership and the processes of operational management. For substantial reforms to proceed very far, the political leadership must be engaged, and the need for changes in laws is highly likely. Unless relevant laws are changed, current reform enthusiasms will not be 'locked in' and given both executive and legislative credibility. In recent months, this combination of executive and legislative initiative has worked to produce procurement reforms, but has had little impetus in either budgeting or human resources management.

An aspect of reform that also needs consideration is the impact of reform which seeks greater programme effectiveness by the eligibility requirements for public programmes, or which seek to advance such broad but generalized goals as affirmative action or equal opportunity. Easing the thresholds for entry into these programmes may defeat the very purposes for which they are established. For example, the current debate over welfare reform now concedes that many may have been allowed to remain on welfare when they would have been better served by tougher rules which forced self-reliance. College tuition tied to the national service programme might have grade standards so low that students are not pressed to do serious study in order to retain their eligibility.

For reform to be successful, we need to make separated powers work better in the future than they are working now. The political system thrives on conflict between the President and the Congress, and between the parties. But management reform demands a degree of sharing of powers which

results in co-operation, agreement, and mutual support over long time frames. Experienced government observers know the degree to which this is not the case in the real world, and government executives know the frustrations of trying to deal with two masters who are deeply in conflict. The bureaucracy works best when it can openly co-operate and support decision makers in both the executive and legislative arenas. While career managers 'work for the president', they are often more under the influence and control of the Congress, and they ignore congressional interests at their peril. One can conclude that the 'separation of powers' *principle is not just of interest to academics*, but is an impediment to practising managers who know that they must make the system work and produce decisions and answers.

Finally, why does it all matter? Western democracies all seem to face more demands from citizens, who simultaneously have stiffened their resistance to further taxation to pay for the very services that they demand. Most governments are trying to learn from each other's successes and failures. Few governments are seen as adequate, and all suffer from a chronic shortfall of funds for public purposes. One of the major reforms in countries outside of the United States is the sharp reduction in the numbers of state-owned enterprises, and a broad movement to return to a market-tested economy, with a smaller and less conflict-ridden public sector. Open markets, open communication, transparency of government activity are the hallmarks of world-wide government reform. The end of the cold war and the compelling imperatives of national security has also permitted governments to take a whole new look at what the real justifications of 'post-nuclear' governments ought to be. Many issues – trade, commerce, technology, large shifts of population, demographic growth – are beyond the ability of governments to control or even substantially influence. Reinventing government – that term that has been tossed around so glibly in the United States – shrinks in significance in the light of the far more challenging changes being brought about in other countries. And yet, it is possible to adhere to one main stream of reform logic: by modernizing government strategic planning, goal setting, sharper programme evaluation, more realistic budgeting and financial control, and rethinking of organizational relevance and structure, the form of government, at any stage of development can be made more effective and more useful. A government only of civil servants is a thing of the past. Contracting out of government activities, or the devolution of activities to the private sector can open up the values of competitive forces, and free work from the kind of regulatory bureaucracy we have become. The result may be less government, but that does not mean that the government which emerged in the twenty-first century would be less successful. A smaller government that can eliminate wasteful, obsolete or low value-programmes, and then manage the real high payoff programmes better – now that's reform!

## ACKNOWLEDGEMENT

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## NOTE

1. This review represents perceptions about the key trends in management reform which characterize the Clinton administration as seen by two retired federal career managers with a total of over fifty years of federal service. These perceptions are selective and not intended to be a comprehensive analysis, and are based on personal experience and knowledge in areas where the authors are qualified to speak.

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## **PUBLIC MANAGEMENT**

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# **COMPULSION BY STEALTH: LESSON FROM THE EUROPEAN UNION ON THE USE OF NATIONAL IDENTITY CARDS**

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ADRIAN BECK AND KATE BROADHURST

### **INTRODUCTION**

Prior to the election of the Labour government in May 1997, citizens of the UK were going to be offered the option of buying a 'voluntary' national identity card. The then Home Secretary, Michael Howard, had announced in August 1996 that after a considerable period of consultation, the benefits of introducing such a scheme outweighed any potential disadvantages. This then appeared to be the end of a long-running debate on the efficacy of introducing ID cards in the UK (see Beck and Broadhurst 1995). Those in favour of its introduction, primarily the police and groups representing the business and banking sectors, pointed to the significant benefits a scheme would provide such as combating various types of crime and improving the efficiency of the police (see Cherrett 1994). However, other groups expressed grave concerns about the effects the introduction of such a scheme might have including an infringement on civil liberties and increasing the opportunity for discriminatory practices by public and private agencies (The Commission for Racial Equality 1994; Liberty 1989, 1994; Wynn Davies 1994; Webster and Wood 1994; Hencke 1995).

Central to the debate had been the issue of the degree of compulsion associated with the card. At one end of the ID-card spectrum were those who favoured a compulsory scheme whereby all citizens over a certain age would be required by law to purchase and possibly carry a card at all times. At the other end of the scale were those who wanted a scheme which was considered to be voluntary enabling those citizens who did not want to have a card to be able to opt out of the system. The police were an example of those who could see the benefits of a compulsory scheme, but at the same time were concerned about the possible implications of introducing it:

At present the police generally have no powers to require a person to provide them with information about their identity. It would be possible to introduce additional police powers to accompany a compulsory ID

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card scheme. . . . Such a power might assist the police; however, such powers could have a negative impact on the maintenance of good relations between the police and the public (Hadfield *et al.* 1996, p. 106).

A government discussion document prior to the announcement of the introduction of the scheme raised similar concerns noting that a compulsory scheme could: '... have a negative impact on the maintenance of good relations between the police and the public, in particular with young people and with members of ethnic minority communities' (Home Office 1995, p. 31). It was in the light of concerns such as these that Michael Howard had decided to opt for introducing a voluntary card scheme. This article intends to explore the issue of whether a voluntary scheme is, in practice, radically different from a compulsory system by using the experiences of other EU countries in the use of ID cards. The initial phase of the research was concerned with a review of the situation in the 15 EU countries looking particularly at the powers made available to the police to stop and request members of the public to prove their identity and the legislative and operational frameworks currently in place. The second part of the project adopted a case-study approach looking in detail at three countries. The cases were selected because they offered examples of the various types of schemes which may be introduced in Britain. France was selected because it provided an example of a system which purported to be 'voluntary'; Germany was chosen because it was seen as operating a so-called 'compulsory' scheme where it is effectively an offence not to carry the card at all times; and the Netherlands was selected because it was an example of a scheme which although apparently being 'voluntary' required every citizen to be able to prove his/her identity with some form of documentation under certain circumstances. It was also an example of a scheme which had recently been introduced (1994). Visits were made to the three case-study countries and interviews were carried out with representatives from the police, data protection agencies and civil rights groups. In two of the three case-study countries, permission was granted for the researcher to accompany police officers on patrol in order to observe ID card checks taking place. The final phase of the study was based upon structured interviews with representatives from the police, data protection agencies and a range of civil rights groups in Britain. The interviews were informed by the data collected from the case-study countries.

### IDENTITY CARDS IN THE EUROPEAN UNION

The original Schengen Agreement was signed in 1985 acknowledging the need to abolish obstacles to the free movement of goods and persons within the European Union. It established the general goal of abolishing all frontier controls and harmonizing cross-border procedures. The implementing convention was signed some five years later in 1990 detailing measures necessary for the achievement of this overall goal. Since that date the member states have widened the area of co-operation and devised methods of work-

ing together and with the removal of internal borders, a passport-free Europe for EU citizens has been envisaged. However, the opening of borders has brought fears of an increase in crimes such as drug trafficking and illegal immigration and it has been suggested that there will always be a need for some form of identity documentation within Europe in order to prevent crimes of this nature. One solution put forward as a method to police a borderless Europe has been the European identity card (Statewatch 1995). As early as 1983 the European Council reaffirmed the principle of harmonization of identity documents and the acceptance of ID cards as an alternative to passports within member states (Council of Europe 1983). In spite of this affirmation, a standardized EU ID card is yet to materialize and the nature and extent of the use of identity cards within the Union remains mixed.

Broadly speaking, the 15 EU countries can be categorized into those which have a 'voluntary' card, those which have a 'compulsory' card and those which as yet do not have any form of scheme in place. This is summarized in table 1. The terms 'voluntary' and 'compulsory' are used to describe schemes which imply some choice as to whether a citizen has to have an identity card by law.

### Compulsory schemes

As can be seen from table 1, seven countries within the European Union operate a compulsory identity card scheme. Under all systems there is some degree of obligation to carry the card at all times and failure to do so can make everyday life problematic. In all seven countries the police have the power to ask for the card to be produced in certain situations. An example of this is the Belgium legislation which states:

Police officials control the identity of each person whose liberty has been taken or who has committed a crime. Moreover the police official can proceed to identity control whenever there is reasonable presumption that a person is being tracked down, has tried or is *preparing* to commit a crime, or *might* disturb public order or has already done so (Ministère de l'Intérieur 1992, p. 11, *emphasis added*).

Failure to prove one's identity can lead to administrative detention for a maximum of 12 hours and a possible fine. Similarly, in Luxembourg and Spain the inability to establish one's identity satisfactorily can lead to a fine. In Greece, where all citizens over the age of 14 must obtain a card, the police have the power to demand to see the document and in Luxembourg, where ID cards have been compulsory for all citizens over the age of 15 since 1939, the police may demand that a person prove his/her identity if an offence has been committed or an individual is suspected of conspiring to commit an offence. Those who witness a crime may also have to produce ID, as might those wanted by legal or administrative authorities.

TABLE 1 *National identity cards in the European Union*

Type of scheme	INFORMATION ON THE CARD				Requested by	Obligated to carry
	Photo	Pin†	Finger prints	Other details*		
COMPULSORY						
<i>Belgium</i>	Yes	Yes	No	Marital status, driving licence, blood group if requested by holder	Police, govt. officials	Yes
<i>Italy</i>	Yes	Yes	No	Marital status	Police, customs, govt. officials, banks, post offices, employers	Yes
<i>Germany</i>	Yes	No	No	Eye colour, height, qualifications	Police, customs, local authorities	Not
<i>Greece</i>	Yes	Yes	Yes	Eye colour, height, face shape, religion, occupation	Police	Not
<i>Luxembourg</i>	Yes	Yes	No	Marital status	Police, customs, banks, post offices	Yes
<i>Portugal</i>	Yes	Yes	Yes	Marital status, height	Police, customs, banks, post offices, govt. officials, private security guards, medical professionals	Yes
<i>Spain</i>	Yes	Yes	Yes	Occupation, parent name, marital status	Police, customs, banks, post offices, medical professionals, employers	Yes

TABLE 1 *Continued*

VOLUNTARY							
<i>Austria</i>	No	No	No	None	Police	No	No
<i>Finland</i>	Yes	Yes	No	None	Police, customs, banks, post offices, medical professionals	No	No
<i>France</i>	Yes	Yes	No	Height	Police, customs, govt. officials, banks, post offices	Not	Not
<i>Netherlands</i>	Yes	Yes	No	Marital status, if requested, height	Police, govt. officials, post offices, employers, banks, customs, lawyers	Not	Not
<i>Sweden</i>	Yes	Yes	No	None	Police, banks, post offices	No	No
NO SCHEME							
<i>Denmark</i>	Introduction of a voluntary ID card currently under discussion although no decision has been made to date.						
<i>Republic of Ireland</i>	No plans to introduce any type of ID card scheme in the near future.						
<i>UK</i>	Former Conservative government had announced a voluntary card scheme in August 1996.						

\* All ID cards display the name, address, date and place of birth and nationality of the holder.

† There is no legal obligation to carry the document, however everyday life is problematic without the card.

‡ Personal Identification Number: a number unique to the holder of the card.



### **Voluntary schemes**

Five countries within the European Union operate a so-called voluntary identity card scheme (table 1). France first introduced compulsory ID cards in 1940, but today the scheme is theoretically a voluntary one. However, the card is needed for voting, social security and for financial transactions and individuals must be able to prove their identity in many different situations (Lyon 1991). In the Netherlands a scheme was implemented in June 1994 and although there is no obligation to carry an ID document at all times, every citizen from the age of 12 upwards has a duty to produce identification in a variety of everyday situations. The systems operating in Austria, Finland and Sweden are relatively relaxed, whereby citizens can apply for an identity card if they so wish but there is no obligation to carry the ID at all times. In Sweden, a voluntary ID card has been available since 1982 and the driving licence is also accepted for identification purposes.

In these countries the cards are mainly used by the carrier to establish their identity when completing financial transactions and when requested by government officials and the police. In Austria, Finland, France and the Netherlands they provide a valid identity document for travel in Europe. In all the countries operating a voluntary ID card scheme, other forms of documentation notably the passport is acceptable as proof of identity. Furthermore, all countries have stated that they have no plans to make identity cards compulsory.

### **No identity card scheme**

At present only three countries do not have a national identity card scheme in the European Union: Britain, Eire and Denmark. However, all three have made signs of moving towards some form of scheme. The Danish Ministry of the Interior has published a report which suggests a scheme may be introduced in 1996–97 (Danish Ministry of the Interior 1996, personal comment). However, Danish citizens in receipt of social security benefit are already issued with a plastic card. Eire currently has no national identity card and the Office of the Minister for Justice confirmed that there were no plans to introduce such a scheme. However, as part of a scheme to regulate welfare claims and interactions with state services, a voluntary magnetic-strip card has been available for all those over the age of 16 since 1992 (*Statewatch* 1992). In Britain, the previous Conservative government had announced in August 1996 the introduction of a voluntary identity card scheme.

## **IDENTITY CARDS IN OPERATION**

### **Germany**

The German ID Card Act, last amended in 1987, details when the police can demand production of the card and gives them the power to stop and search on the grounds of criminal procedure, the execution of a sentence,

or in the interest of public safety (Zimmerman 1986). The Head of Border Police in Berlin confirmed that the production of an identity card can be requested at the border if a person is not holding a valid passport, or if the police have installed a check point for reasons such as the prevention or detection of terrorist activity (Pistor 1995, personal comment).

Although it is not a criminal offence to fail to carry a card, to fail to obtain an identity card, or to refuse to establish identity when stopped is considered to be a breach of the law (Zimmerman 1986). If you are stopped and cannot prove your identity, the police are entitled to accompany you to your address until the card is produced (Dix 1995, personal comment). The citizen may also be asked to follow the police officer to the station where identity will be established by other means, such as fingerprinting (Bundeskriminalamt 1995, personal comment). You may also be liable to incur an administrative fine of up to 1,000 German marks (approximately £450).

With regard to the extraction and storing of information from the ID card or from the ID card registers, police powers are restricted. After stopping the individual, the police examine the ID card and if he/she is suspected of illegal activity, the data may be compared with the central police database, equivalent to the Police National Computer in Britain. If there is no reason to detain or arrest, the individual is free to go. The police are not allowed to record or store any data from the card, or even to note the fact the card holder was stopped and subject to scrutiny unless it is part of a criminal investigation (Bundeskriminalamt 1995, personal comment). This is considered by some commentators to be a vital piece of legislation because it helps to prevent the creation of movement profiles of unsuspected citizens (Dix 1995). It could be argued, however, that it also limits the opportunity for analysing data which may show the possible misuse of ID checks by police officers.

It is only under very restricted circumstances that data may be collected, stored and processed in a special database. This procedure is referred to as a 'drag net search'. The measure has to be justified and ordered by a judge and is only used following certain serious crimes, such as terrorism, kidnapping or murder. The police can then collect data on all passers by at the border or at a road block. Any data that is collected that turns out to be unrelated and unnecessary to the enquiry must be deleted as soon as possible and cannot be held for longer than three months. Related data can only be held as long as the criminal proceedings continue (Zimmerman 1986).

With regard to other public authorities, the law prevents them from using the ID card as a key to their databases or from storing any data held on the card. The card can only be shown to prove identity to those authorities entitled to ask for it, for example when applying for certain government benefits and services (Dix 1995, personal comment). As with the public sector, the ID Card Act details when and how those bodies in the private

sector, such as financial institutions, are entitled to use the identity card. The card may only be used as a means to establish an individual's identity. The serial number cannot be used in such a way that with its help the private sector can gain access to personal data from any records, and the ID card may not be used for the automatic extraction or automatic storing of personal data (Zimmerman 1986).

Once the ID card has been presented and identity proven by the individual, the institution can only note that identity has been checked. No details can be stored, the card cannot be photocopied and the serial number must not be noted down, again to prevent it developing into a personal identifier (Dix 1995, personal comment). It is not an offence to refuse to produce ID in the private sector when asked. However, in practice, to do so would significantly hinder an individual since it is common for citizens to be asked to produce an ID card in a range of situations such as applying for public transport cards, at the post office when withdrawing money, when opening a bank account or when cashing a cheque in the bank (Dix 1995, personal comment).

### France

In France, the police have very broad powers to stop and ask an individual to prove his or her identity. Up until recently, a police officer had the power to request that any person who has committed, is found committing, attempting to commit or is suspected of committing an offence, to identify him/herself (Stefani and Levasseur 1996). If the police feel there is a potential risk to public order, they are entitled to carry out an identity check. This power is clearly broad and arguably provides a police officer with sufficient scope to stop and check any individual's identity in any circumstances (Salomon 1995, personal comment).

Over the last two years random identity checks have become even more common, forming part of the government's policies designed to impose zero-levels of immigration and anti-terrorist measures. In the summer of 1993, Parliament adopted a Bill designed to reinforce and enlarge the possibility of identity checks. The package included the addition to stop and check the ID papers of those suspected of being in France illegally. This power not only applied to border control points, but also gave the police the ability to carry out such a check at any location within the country. In practice, such police powers open the door to arbitrary, discriminatory and racist practices, often based merely on physical appearance, and consequently evidence shows that certain groups of young people, non-whites and marginals are far more likely to be submitted to an identity check (*Fortress Europe?* 1992; Amnesty International 1995). If an individual is unable to, or refuses to produce his/her identity documents when requested to do so, the police are entitled to take the individual to the station to begin to establish his/her identity and they are then allowed to detain that individual for up to six hours.

Many other organizations in both the public and private sector have the power to request the production of the identity document as means of establishing identity in a variety of circumstances. It is essential that an individual shows proof of identity when voting in a local or national election. Similarly, proof is needed when executing a range of financial transactions, such as opening a bank account, cashing a cheque or withdrawing money from the post office (Stefani and Levasseur 1996). The tax office is entitled to ask to see some form of identity, as are the social services who see it as a means of trying to limit a range of benefit frauds (Salomon 1995, personal comment). Indeed, it is impossible to carry out a range of everyday functions without showing some form of identity.

Although identity can be established by a range of documents, the identity card is popular amongst the French because it also provides a valid means to travel to other countries in the European Union, and in addition they are one-third of the price of the passport (Stefani and Levasseur 1996). Customs officers are given powers to check identity documents, which constitutes part of the government's goal of eradicating the problem of illegal immigration. An officer can check the identity and residence status of those entering or staying in the country whom they suspect are non-native French citizens. The power can be exercised not only at a border or point of entry, but at all other locations within the country (Stefani and Levasseur 1996). The government has stated that the immigration status checks must be carried out in a 'non-discriminatory manner', and assessment of who constitutes a foreign national 'shall be based solely on objective criteria which comply with non-racist and non-xenophobic principles'. However, these restrictions are somewhat meaningless and in practice have provided officers with an excuse to harass those of ethnic minority, be they non-French individuals or actual natives of the country if they so desire (*Statewatch* 1995).

### **The Netherlands**

The Identification Act specifies a number of circumstances when an individual may be asked to prove their identity. These circumstances are largely aimed at combating various social problems such as illegal immigration, football hooliganism, misuse of public transport and fraud. The police can also stop check an individual's identity if they have a genuine suspicion that that citizen has committed an offence (Van der Wel 1995, personal comment). They are entitled to ask for an individual to prove his/her identity during investigations into cases of illegal immigration. If the police have a strong suspicion that there are people illegally residing in the Netherlands they are allowed to carry out an investigation and ask the suspects for identity to prove their nationality and residence status. There is also a duty to show ID when attending a professional football game although the police in theory are not allowed to ask any spectator to produce identity documents without reason. They are only permitted to carry out identity checks

if offences such as vandalism or assault are committed before, during or after the match, or if a riot/disturbance occurs or looks inevitable (Ministry of Justice 1994).

With regard to the storing of data held on the card, the police powers are restricted by the existing Data Protection Act. They are only allowed to record and store details from the identity documents for a specific goal, for example when it will help in a criminal investigation leading to an arrest. If you are asked to produce some form of identification by a police officer and are unable or refuse to do so, the police are entitled to take you to the police station and start an investigation to establish identity. The police have the power to hold someone for questioning for six hours. If they are not able to get sufficient evidence of identity in this period, they are entitled to hold the person for up to another six hours for identification purposes (Ministry of Justice 1994). In addition to the detainment, the inability or refusal to establish identity when asked can result in a fine.

In the private sector, financial institutions have considerable power to ask for identification. An individual must show their identity documents before opening an account and before certain money transactions, such as when cashing a cheque. Identification is also requested when renting a safe deposit box, or taking out certain types of insurance, such as a life insurance policy (Ministry of Justice 1994). The powers given to financial institutions are seen as a way of reducing levels of fraud and they are entitled to take a photocopy of a person's ID and store it in their records. Refusal to produce ID would prevent the individual from gaining access to a range of financial services. Positive verification is also necessary when dealing with a lawyer who is drawing up a deed on your behalf, for example when buying a house, or finalizing conditions for a marriage. The reason behind this power is to ensure that other parties have confidence that the information in the deed is accurate. Again a photocopy of the identity documents can be taken.

In the field of employment it is frequently necessary to prove your identity. The main aim here is to reduce levels of illegal immigration, by preventing illegal aliens from working. Therefore, any identity document an individual who is seeking employment uses has to state his/her nationality, and as such, a driving licence is not acceptable (Ministry of Justice 1994). When looking for work, individuals can only register at the job centre if they can identify themselves. When starting a new job, identity documents must be presented to the employer and it is the employer's duty to keep a copy of each employee's identity documents and record the ID number in the company files. Inspectors have the power to carry out spot checks on employees in their place of work to make sure that employers are maintaining up-to-date copies of all employees' identity documents. To ensure that this practice is adhered to, there are heavy penalties on both the employee who refuses to give a copy of his identity documents to the employer, and on the employer who fails to maintain a record of the ID

documents of his employees (Ippel 1995, personal comment). Employers were given a one year transitional period after the introduction of the legislation to get identity and residence permits from their employees. Since then, an employer who hires an undocumented worker is liable to fines of up to 5,000 guilders (approximately £2,050), for a first offence, and thereafter 25,000, guilders (approximately £10,150) and even a prison sentence of up to four years (CARF 1995). In addition, workers who fail to provide documentation are liable to pay higher taxes – double the standard rate of taxation (Balai 1995, personal comment). The seriousness of the financial penalties against both employer and employee can be seen as an indication of the Dutch government's commitment to tackle social security fraud and illegal immigration.

In the public sector, if citizens apply for benefit from the local social services department they will be expected to produce proof of identity (Ministry of Justice 1994) and everyone who wants to work in the Netherlands, or who applies for benefit has to have a social fiscal number (SoFi number). Anyone born in the Netherlands is automatically given a SoFi number and those not born in the Netherlands but with Dutch citizenship or a valid residence document must apply to the tax authorities for a SoFi number and produce identity documents that state nationality.

On public transport, be it bus, tram, metro or train, if an individual is unable to produce a valid ticket, the inspector is entitled to ask for proof of identity. This measure is in order to stop fare-dodgers from giving incorrect information (Ministry of Justice 1994). Police are also entitled to carry out these checks on public transport.

## DISCUSSION

### **Compulsion by stealth**

The review of the various identity card schemes in operation in the EU reveal a number of interesting findings. First, this research suggests that the degree of compulsion associated with a national identity card is of less importance than the nature of the accompanying legislation concerning the circumstances when a citizen is required to prove his/her identity. Whilst the then Home Secretary gave no indication of the nature of the legislation which would accompany any introduction of a national identity card in the UK, the Home Affairs Select Committee in its report on identity cards concluded that '... any identity card should be introduced by primary legislation, rather than under prerogative powers' (House of Commons 1996, p. xxxiv). The experience of other EU countries which are operating a so-called 'voluntary' system shows that the legislation is often drafted in such a way that everyday life could be problematic if a citizen did not have some form of personal identification. It could be argued that if you compared Germany (compulsory), the Netherlands (voluntary) and France (voluntary) they are in fact all variations of a compulsory identity scheme. In each country there is an obligation for every citizen to be able

to prove who they are – the only differences being the types of situation when this occurs and the methods available to the citizen to prove positive identification.

Therefore, it is far more important to consider the legislation which requires an individual to prove his/her identity rather than whether the carrying of a card is either voluntary or compulsory. For example, Germany which requires all citizens over the age of 16 years to have a national identity card, and could therefore be considered as a fairly strict 'compulsory' regime, has in fact a very well defined Identity Card Act which has a wide range of legal checks and balances to protect the privacy of the individual. Indeed, much of the Act is designed to restrict the use of identity cards by the public and private sectors. When the German Identity Act is compared with the so-called voluntary schemes in France and the Netherlands, the contrast is striking. In France, the legislation detailing when an individual should be able to prove his/her identity is far less well defined than in Germany. As a result, it is virtually impossible for people in France to carry out everyday life without having a valid form of identity on them at all times. The situation in the Netherlands is similar, where although the take up of the identity card is purely voluntary, in practice it is virtually compulsory to carry ID at all times.

Commentators in both of the countries with voluntary identity cards argued that the types of situation when proof of identity is required have gradually increased over time – an example of 'compulsion by stealth' or 'functional creep' whereby the initial legislation had either not been sufficiently rigorous and therefore open to increasing latitude in interpretation, or had been subsequently amended to widen its impact. Either way, in both countries the impact of identity legislation was as profound as that in the country with a compulsory scheme. Early indications from the UK have suggested that exactly the same process of compulsion by stealth might occur if voluntary ID cards were introduced and that this would be encouraged by various public and private sector groups. Whilst the police service will currently only back a purely voluntary card with no additional police powers, when quizzed on the impact such a scheme could have on crime, it became apparent that representatives felt a compulsory scheme would have a far greater effect: 'If the ID card is to have any positive impact on crime it is far better to make the card compulsory. Under a voluntary scheme, criminals simply will not get the card' (Police Federation 1996, personal comment).

Most police officers interviewed felt that a voluntary card would soon evolve into a *de facto* compulsory scheme even without legislation to entrust the police with additional powers. An ACPO representative explained that the initially voluntary card would soon become compulsory in all but name as it had in France and the Netherlands. The Police Federation amplified this idea: 'We recognise that the card should be voluntary in the first instance which would allow the public to see the benefits to be gained

and we believe that any objections would be seen to be unjustified' (Police Federation 1995, personal comment). The idea that ID cards will become compulsory gradually over time was also expressed by civil rights groups. The Institute of Race Relations (IRR) felt that ID cards would soon become institutionalized as they had across the European Union. Liberty added to this idea of compulsion by stealth by saying: 'An ID card would swiftly become essential for many dealings in the public, and possibly also the private sector. The inconvenience of not having a card would be so considerable that most people would feel compelled to obtain one' (Liberty 1996, p. 162).

### **The innocent have nothing to hide?**

Besides the danger of 'compulsion by stealth', interviews with various groups revealed a slightly more ominous reason behind the predicted rapid uptake of the initially voluntary ID card. All key players expressed the view that those who chose not to obtain an ID card would be treated with greater suspicion and that this would provide an incentive to purchase one. Indeed, advice from the Dutch government alluded to this in a guide distributed to citizens prior to the launch of the new ID card in 1994 which stated that 'the best and *safest* thing to do is to carry your ID on you all the time' (Ministry of Justice 1994; *emphasis added*). A senior police officer in the UK held similar views: 'I believe that the full benefits can only really come from a compulsory scheme. For the citizen, the card provides a means to assert identity, but I agree that those who then chose not to get the card may be treated with suspicion'. (Blakey 1996, personal comment). Interviews with police officers from Sheffield confirmed this view: 'ID cards will help to save police time, but I think officers may come to rely on it and so those who chose not to have a card could be treated with greater suspicion' (Dowson 1996, personal comment). The evidence from the case-study countries suggests that the nature of the legislation associated with a national identity card scheme is extremely important in determining the impact it will have – much more so than the label attached to describe the requirement to have a card or not. It also shows that poorly crafted legislation can lead to a situation where the circumstances in which a card is required gradually increases over time to the point where not having a card can leave a citizen prone to increased suspicion. Whilst a card may technically be voluntary, for certain groups in society, they may have no option but to carry a card at all times if they are to avoid being inconvenienced or even harassed by public and private agencies.

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## ADVISING THE COMMITTEE

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ROBERT OSBORNE

This short article is based on the experience of the author who acted as an adviser to the Northern Ireland Affairs Select Committee (NIASC) during its investigation of under-achievement in secondary schools. The Northern Ireland education system retains selection at 11 and the inquiry was particularly concerned with circumstances in secondary schools rather than grammar schools. The investigation took place during 1996 and early 1997 (House of Commons NIASC 1997). The experience therefore, relates to the committee as it existed prior to the election of a Labour government in 1997. The article reflects on the role of the committee in the Northern Ireland context, on the subject matter of the inquiry and the role of an adviser.

Most of the current Select Committees of the House of Commons at Westminster were created in 1979/80. Most committees shadow the main departments of government – foreign affairs, environment, home affairs, etc. Two territorial committees were created at this time – for Scotland and Wales. The creation of the two territorial committees emphasized the marginal position of Northern Ireland at Westminster for which there was no committee. Following the institution of Direct Rule from Westminster in 1972, most Northern Ireland legislation has been dealt with through Orders in Council. Orders can be debated but must be accepted or rejected and cannot be amended by either House (Hadfield 1992). This marginalization of Northern Ireland affairs has been viewed as contributing to the 'democratic deficit' experienced by the Northern Ireland electorate.

Since 1972, the desire of successive British governments has been to restore an agreed form of devolved government in Northern Ireland with 'appropriate' relationships between Northern Ireland and the Republic of Ireland. Since 1985 a mechanism has been created, the Anglo-Irish Agreement, which provides for the Irish government to be consulted across a range of policy measures in Northern Ireland. The Irish government maintains a permanent secretariat in Belfast. The outline of possible future arrangements for the government of Northern Ireland was published jointly

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by the two governments in 1995 (Northern Ireland Office 1995). The 'framework documents' outlined a possible devolved legislature for Northern Ireland and a range of bodies to be created on a North-South basis with these bodies having executive responsibilities. These matters were the subject of multi-party political negotiations which commenced in September 1997.

In the absence of any mechanisms being agreed, Northern Ireland continues to be administered in a way which provides for no direct political accountability of ministers to the Northern Ireland electorate. Ministers are accountable to Parliament in the conventional manner, but Northern Ireland Office ministers are secure in knowing that they will never have to be re-elected by those who have been effected by their decisions. The Select Committees of the House of Commons have, sporadically, taken up issues relating to Northern Ireland. An example would include the Select Committee on Education and Science's consideration of the first and only merger of a polytechnic and a university to create the University of Ulster in the early 1980s. The Public Accounts Committee, as a result of the work of the Northern Ireland Audit Office (NIAO), routinely examines examples of alleged waste in public expenditure in Northern Ireland. Nevertheless, for much of the period of Direct Rule, conventional parliamentary scrutiny of Northern Ireland affairs has been limited. In these circumstances, the role of the Northern Ireland Civil Service (NICS) has become more prominent in developing policy.

In recent interviews (Carmichael, Knox and Osborne 1997), senior public servants have sought to stress that the public services in Northern Ireland are accountable not only through normal mechanisms of political accountability but also through increasing regulation to ensure financial probity and administrative efficiency. Nevertheless, there can be little doubt that the creation of the Northern Ireland Affairs Select Committee has begun to change and enhance the context for policy accountability in Northern Ireland. The creation of the committee has been chronicled by Wilford and Elliott (1995). The Ulster Unionists, it has been suggested, sought a Northern Ireland Committee as part of the price for supporting, in the division lobby, the ratification of the Maastricht Treaty in 1993. Both Labour and the SDLP were critical of the moves to create the Committee. The SDLP opposed the creation of the committee as it represented closer integration of Northern Ireland into the mainstream of British political life – a tendency much desired by Unionists. It has recently been revealed that the Irish Government lobbied strongly against the creation of a Northern Ireland Committee. Frank Millar in the *Irish Times* suggested this position was less to do with the role of the committee and more to do with opposing anything devised by Unionists. Millar argued that this was an example of successive Irish governments failing to engage constructively with the political agenda of the Unionist community (*Irish Times* 14 Jan. 1998).

The Northern Ireland Committee's work, following its creation, was rather slow but the committee's agenda was to select topics of general con-

cern and interest and which would involve each of the six Northern Ireland departments and their associated public bodies (Agriculture, Health and Social Services, Environment, Economic Development, Education and Finance and Personnel). It has also been suggested that the selection of topics for the committee has been designed to protect Northern Ireland Office ministers by avoiding controversial matters. It is not clear to the author that this has been the case. Rather, there was a consensus by members of the committee that to enter into areas such as security policy and/or constitutional issues, such as the Anglo-Irish Agreement, would polarize the Northern Ireland members of the committee to such an extent that it would become impossible for the committee to function. There has also been a consensus that there is a substantial need to increase the political scrutiny of the NICS. The selection of topics is designed to involve the Northern Ireland departments and to examine matters that are of wide general interest to the public. Appendix 1 shows the chronology of inquiries undertaken between 1993 and 1997 together with the advisors used for each investigation. The list of advisers shows a balance between those based in Northern Ireland and those based elsewhere.

The committee has, therefore, begun to intervene in the policy process in Northern Ireland, a fact acknowledged in recent interviews with senior civil servants (Carmichael, Knox and Osborne 1997).

### **THE NORTHERN IRELAND AFFAIRS SELECT COMMITTEE – COMPOSITION**

In the share-out of committee chairmanships between the main political parties and after the death of the first chair, independent Unionist Sir James Kilfeder, the Labour MP Clive Solely was elected to Chair the Northern Ireland Committee. Membership of Select Committees follows, broadly, the representation of the parties in the House of Commons. The majority of MPs were, therefore, Conservative (seven out of thirteen) with one other Labour member. Northern Ireland representation was set at four members. These were: John Taylor and Ken Maginnis (Ulster Unionist), Peter Robinson (DUP) and Eddie McGray (SDLP). The membership of the Committee largely lies in the hands of the Whips Offices but the Chair, once elected, can influence nominees from his/her own party.

It will be readily apparent that with only four members from Northern Ireland, the committee started with the problem concerning inadequate knowledge about Northern Ireland. Some of the non-Northern Ireland members had some knowledge of Northern Ireland through ministerial experience (Smith, Conservative), or through being active in Northern Ireland political/constitutional matters at Westminster (Hunter, Conservative). In general, however, the nine non-Northern Ireland MPs lacked detailed knowledge of Northern Ireland. Alongside this absence of knowledge, the fact that the Committee mainly meets at Westminster adds geographical isolation to political distance. Geographical isolation is a sig-

nificant deterrent to members of the Northern Ireland public attending sessions, most of which are open. This locational problem is partially offset by holding several meetings each year in Northern Ireland. Nevertheless, the public profile of the committee has been low.

Not surprisingly, the membership of the committee, and more especially its political balance, exerts a crucial influence on the committee's agenda. In general, the purpose of Select Committees is to increase political accountability but they are also designed to give back-benchers more to do. Many MPs become frustrated at their limited powers and the Select Committee system has the useful benefit to party managers of providing a mechanism for giving 'idle hands' something to do. Ideally, a back-bencher on a Select Committee should be able to act independently, without party constraints, and some undoubtedly do act in this way. For many, however, party policy and personal ambition act as very real constraints on activities, views and votes. The arithmetic in the House of Commons during 1996 and early 1997 saw the Conservative government losing its majority and becoming dependent on Ulster Unionists to remain in office. This, in turn, it is widely acknowledged, led to a series of concessions to the Unionists including, for example, the setting up of a Northern Ireland Grand Committee. Undoubtedly, the reality of the Conservative government relying on Ulster Unionist votes provided a salient context for the work of the committee. Simply, in the view of the author, the parliamentary position of the Conservative government made Conservative committee members particularly receptive to Ulster Unionists causes. We shall consider this below.

### THE ROLE OF ADVISER: GENERAL ACTIVITIES

During early 1996 the committee decided to examine aspects of secondary education. The topic had emerged from the Committee's consideration of economic development where evidence from employers had pointed to problems in the education system (House of Commons NIASC, 1994-95). The writer was appointed as an adviser to the committee for this investigation in April 1996.

The role of the adviser consists, *inter alia*, of:

- assisting in the identification of witnesses who can be asked to submit written evidence;
- identifying witnesses who might give particularly valuable oral evidence
- drawing together information or research in the public domain of relevance to the inquiry.
- writing position papers summarizing aspects of the inquiry;
- providing support to members when taking oral evidence; and
- assisting with the drafting of the report.

The key relationships for an adviser lie with the Clerk of the Committee

and the Committee Chair. The Chair's role is obviously crucial in keeping the work of the committee on track and maintaining sufficient cohesion to enable the committee to function. Depending upon how the Chair interprets his/her role, the role of the Clerk, as a full-time servant of the committee, may be more significant in keeping continuity in the committee's work, ensuring all views are considered and in drafting reports. A successful Clerk will be finely tuned to the balance of views and the role of the Chair.

The Northern Ireland Committee's work does not have the same intensity of political focus as other committees, for non-Northern Ireland MPs, because of the broad bi-partisan approach to the Northern Ireland issue at Westminster. For the Northern Ireland MPs, the committee has the potential for incorporating the intensity of the Northern Ireland conflict and it is the task of the Chair, with the Clerk's assistance, to try and ensure that this is minimized. The attempt to reduce the replication of the conflict in the committee's work has been most obviously demonstrated in the selection of topics. The committee has chosen, as already noted, not to look at certain issues such as the Anglo-Irish Agreement, or security issues. Rather, the committee has chosen to examine matters relating to more 'bread and butter' matters and with a clear view of seeking to increase the political scrutiny of the NICS. The selection of topics reinforces the attempts to maintain committee cohesion. Overall, therefore, thus far, the work of the Northern Ireland Committee has not reflected the intensity of the Northern Ireland political debate. Managing the committee by the Chair and Clerk is correspondingly a less difficult task. It follows that the role of advisor is similarly less likely to be contentious.

The selection of topics by the committee has overlapped with some selected by Committees of the Northern Ireland Forum for Peace and Reconciliation (elected in May 1996). It is clear, however, that the Forum, only modestly resourced and without the participation of all the Northern Ireland political parties (SDLP and Sinn Féin), lacks the ability to undertake detailed investigations, leading to its reports being more an assertion of views than a researched and argued set of recommendations.

### THE EDUCATION INQUIRY

During 1996, the committee began investigations into education which became primarily focused on under-achievement. The course of this particular inquiry was substantially disrupted by political developments in Northern Ireland. Crucial initial evidence was taken in April 1996 from the Department of Education. However, the holding of elections to the Forum for Peace and Reconciliation in May, the opening of the Forum and the opening of multi-party peace talks in June significantly delayed the inquiry as did the events surrounding the 'marching season'. The inquiry did not recommence until the end of the summer recess in November 1996. During November and December more oral evidence was taken from a range of witnesses and culminated with evidence taken from the then Education

Minister (Michael Ancram). In the middle of the sequence, however, the committee held a special session on the proposed reorganization of the five Education and Library Boards (ELBs). The minister had indicated his intention to reorganize the ELBs in order to save £2 m in administrative expenditure. The reorganization, which envisaged a reduction of boards from five to three, was extremely controversial. The ELBs had managed to mobilize significant cross-party support in Northern Ireland for the retention of the existing structures. The committee took evidence from chief executives of the five ELBs who gave a robust defence of the ELBs and their role and activities. The evidence was published (House of Commons NIASC 1996) but the committee did not make any recommendations. The reasons for this are not in the public domain but it is quite likely that the Conservative members did not wish to either contradict the minister's initiative or, equally important in the light of the contemporary parliamentary arithmetic, offend the Unionist committee members.

Although the committee failed to make a recommendation concerning the minister's proposals, the decision to retain the existing five ELBs was announced by the Prime Minister, following discussions with Ulster Unionists, in early 1997. Clear evidence, once again, of the Conservatives responding to Unionists' demands in order to ensure continuing Unionist parliamentary support.

Returning to the committee's education investigation, the final evidence to the committee was given by the minister and senior civil servants. Here the opportunity was available to challenge the minister with points or evidence which had been taken from other witnesses and to clarify ambiguities and inconsistencies. This session of evidence was notable for the Chief Inspector of Schools having to substantially correct evidence given the previous April concerning the selection criteria for schools participating in the Raising School Standards Initiative.

The task of drawing up the final report largely fell to the Clerk and the Adviser. Although the draft is presented to the committee as the 'Chairman's draft', the process involved agreeing a basic structure followed by the full draft. The discussions of the draft report by the committee were and must remain confidential. Two areas of debate, discussion and subsequent voting are recorded in the final report and these can be commented on briefly.

A significant body of evidence to the committee had suggested that the existence of a selective system contributed to under-achievement in secondary schools. Evidence which suggested the importance of this factor did not, by and large, advocate the abolition of selection to secondary education. The draft of the report, after noting that there was no evidence of majority support for the abolition of selection in Northern Ireland, suggested that the Department of Education should examine examples of countries where selection for secondary education exists but operates in a less rigid fashion, such as in the Netherlands and Germany. It was also rec-

commended that the department should evaluate the system in place in Craigavon where selection is undertaken differently. However, John Taylor (Ulster Unionist) supported by Conservative members, successfully sought the removal of these paragraphs.

The second issue related to the subsidies paid to private, fee-paying preparatory departments linked to voluntary grammar schools. Evidence had suggested that these subsidies, which amounted to £1.5m a year, were contrary to government's stated Targeting Social Need (TSN) priority for public spending. Moreover, there were no parallels in Britain as the Assisted Places Scheme (where parents of modest means could get fees paid for private secondary education) is means-tested (now abolished). In Northern Ireland, the subsidy is a blanket one since it goes to all Northern Ireland preparatory departments thereby allowing them to reduce fees accordingly. It was estimated that this subsidy was worth £400 a year per pupil. Once again, however, Taylor, together with the support of Conservative members, sought the removal of paragraphs which suggested that the subsidy should be removed.

In both these instances, while the natural political sympathies of Conservative members would have been supportive of selection and private education, it is suggested that the overall arithmetic in the House provided a further pragmatic motivation to their actions.

### THE ROLE OF ADVISER: THE EDUCATION INQUIRY

The actual mechanisms of intervention by an adviser vary by circumstances. By far the most theatrical form of intervention occurs during the taking of oral evidence. Here an adviser can assist a committee member by passing notes indicating a possible line of questioning or an apparent weakness in answers being given. Since this intervention takes place during the giving of oral evidence, and in full view of witnesses, it was clearly disconcerting for some witnesses to see their answer producing a flurry of activity from the adviser and committee members which subsequently resulted in either an answer being challenged or a new line of questioning. Other interventions by an adviser can also have influence, if in a less theatrical fashion. Highlighting issues to committee members may result in the investigation changing direction or emphasis. The adviser's role is obviously enhanced when members are not specialists in the area concerned. In this instance, even the structural complexities of the Northern Ireland education system were unknown to most committee members. Committee members readily recognized the significance of secondary selection, and the growing importance of vocational education, but the detailed issues on funding and the significance of funding in relation to government's Targeting Social Need policy for example, were not known. In these circumstances, a committee does rely on its adviser(s) to help with clarifying issues and determining the path of inquiry.

The discussions surrounding a draft of the report pose problems for an



adviser. There are clearly occasions when it is appropriate for an adviser to participate – when the discussion involves factual inaccuracies, for example, or if the discussion might result in contradictions between different sections of the report. In other contexts, however, the basis of any intervention is more questionable. For example, if a committee member cites a piece of evidence to sustain an argument in a way which is partial – is it appropriate to ‘correct’ the use of evidence or at least indicate alternative interpretations? Such interventions might be judged as marginal for an adviser but where a committee is not specialized in the relevant topic, intervention is more justifiable.

An adviser’s role is, however, also constrained at the time of publication. A Select Committee’s report is just that – a report of the committee. Public comment is confined to committee members.

## DISCUSSION

Since the assumption of Direct Rule in 1972, parliamentary scrutiny of public policy in Northern Ireland has been rudimentary. The advent of the Northern Ireland Affairs Select Committee, therefore, represents a substantial increase in the political surveillance of policy. As yet, it is not possible to attribute any specific policy ‘victory’ or success to the work of the committee. In the Education Inquiry, perhaps the key issues put into the public domain were the rationale for the commitment of resources to Targeting Social Need (TSN) in the funding of schools, the continuing levels of under-achievement in Northern Ireland schools and the continuing subsidies paid to fee-paying preparatory departments. It is also apparent that initial statements from the new Labour minister responsible for education are likely to move policy positively in these areas (Worthington 1997). Perhaps the most significant contribution, therefore, made by the NIASC has been the placing of significant amounts of factual information and assumptions underlying policy into the public domain. This is not an inconsequential role as the Select Committee on Procedure noted when reviewing the effectiveness of Select Committees: ‘Finally, and most importantly, there is value, which we have underlined, of evidence taking in its own right as a tool of scrutiny’ (House of Commons Select Committee on Procedure 1990, para. 152).

One of the other consequences of the creation of the NIASC has been a focus on the Northern Ireland Civil Service (NICS). Most senior civil servants have reached the upper echelons without the experience of presenting evidence to Select Committees. There is a perception at Westminster that this inexperience has been demonstrable and has, on occasions, resulted in a weak presentation of a strong case.

Notwithstanding these undoubtedly positive features arising from the work of the committee, there has been a sense in which its role of providing scrutiny of public policy in Northern Ireland is a temporary one. Few MPs at Westminster have an interest or anything to gain from developing expertise in the minutiae of policy in Northern Ireland. There is an almost pal-

pable 'frisson' in Northern Ireland when English MPs start speaking on the fine details of education or health policy in Belfast. Ultimately, it has been believed, an agreed settlement incorporating a local assembly would provide the better mechanism for both scrutiny and accountability.

The creation of an Assembly is now likely with the Multi-Party Agreement of 10 April 1998 and its endorsement with a 71 per cent vote in the referendum of 22 May. In the Agreement, the secretary of state will retain powers over non-transferred areas (for example, criminal justice) and the Agreement indicates that the Westminster Parliament, *inter alia* will scrutinize these responsibilities of the secretary of state 'through the NI Grand and Select Committees' (para. 33 (c)). It is not clear, therefore, whether there is likely to be a continuing role for the NIASC, but given the existence of an Assembly its future must be in doubt.

Finally the role of adviser produces both positive reactions and frustrations. The dynamics of helping the committee chart its way through an area of professional interest and ensuring information denied to the public is published is both exacting and exciting. The theatrical side of the committee, taking 'oral' evidence, can be unexpectedly satisfying. The frustrations stem from the restrictions on participating in the committee's deliberations and the public debate of the published report.

#### **APPENDIX I: Investigations conducted by the Northern Ireland Affairs Select Committee (May) 1997.**

<u>Date</u>	<u>Investigation</u>	<u>Adviser(s)</u>
1993-1994	Employment creation in Northern Ireland	Dr. G. Gudgin, Director of the Northern Ireland Economic Research Centre. Mr. J. Simpson, Economic Commentator.
1994-1995	Electricity prices in Northern Ireland	Mr. John Cheshire Prof. John Surrey University of Sussex
1995-1996	The planning system in Northern Ireland	Dr. D. Singleton, Mr. J. Greer, Queen's University, Belfast. Mr. J. Hobson, Consultant.
	Evidence taken on public expenditure	Mr. J. Simpson
1996-1997	Illicit drug use in Northern Ireland	Prof. M. Brogden, Queen's University, Belfast
	Under-achievement in Northern Ireland secondary schools	Prof. R. Osborne, University of Ulster.

The BSE crisis and the export ban on Northern Ireland beef	—
Evidence on the proposed reorganization of the Education and Library Boards	—

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## NOTE

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# THE IMPACT OF EUROPEAN LEGISLATION ON BRITISH PUBLIC POLICY MAKING: A RESEARCH NOTE

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EDWARD C. PAGE

### EUROPEANIZATION AND BRITISH PUBLIC POLICY

The proposition that British politics and policy making has become 'Europeanized' is almost axiomatic. Since many areas of public policy, such as agriculture, the environment, trading conditions and employment protection, are also the responsibility of the European Union, British policy makers take part in EU decision making and are bound by its outcomes. This Europeanization has been linked with a general trend away from traditional, hierarchical 'government' models of policy making towards 'governance' models (Peters 1997), where authority is diffuse and the agencies that can claim to share it multiple. Europeanization is an important component of what has been identified by some authors as the 'hollowing out' of the British state, referring to a haemorrhaging of authority from the nation state to other public and private sector actors at the supranational, national and subnational levels. Here Europeanization is one important part of a wider process of 'globalization' which appears to be fundamentally altering structures and processes of British government (for a critical review see Rhodes 1997). Different levels of government are growing increasingly interlocked or interdependent and policy making becomes more and more a matter of multilevel bargaining. For Wallace (1997, p. 452) 'the regular business of government' is 'now more and more caught up within a multilateral framework of rules and negotiations . . . . It is possible for national governments to hold the gate between domestic and international politics only for a shrinking number of policy areas'.

However, our understanding of the theoretical significance of the effect of British membership of the European Union is much greater than our understanding of its empirical effects. How far has Europeanization gone? Looked at from the point of view of conventional measures of the scale and scope of government, the impact of the EU would appear relatively slight. The staff of the European Union, numbering some 30,000, is roughly the size of a large city authority workforce, as the Commission itself repeat-

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edly points out (see, for example European Commission 1997). The proportion of member state GDP spent by the European Union has grown from 0.7 per cent to just 1.2 per cent between 1970 and 1997. However, neither of these two measures comes close to assessing the impact of the EU on domestic policy making. The European Union is a law-intensive organization which achieves its impact mainly through laws – their creation, implementation and interpretation in member states. Yet while it is quite easy to point to the degree to which European legislation constrains government activity in a number of key areas where the EU has become the dominant legislator – agriculture, fisheries and environmental protection, for example – it is more difficult to offer a more general assessment of the impact of the EU across a wider spectrum of British public policy.

This note outlines one measure that may be used to help assess the impact of European on domestic legislation based upon an examination of Statutory Instruments (SIs). SIs are secondary legislation and are the most common instrument for implementing EU legislation. The CELEX database (the digital version of all legislation enacted by the European Union) suggests that of the 1,369 European laws implemented in the United Kingdom, 1,253 (92 per cent) have been implemented by SI. For example, the Energy Efficiency (Refrigerators and Freezers) Regulations 1997 implements Council Directive 96/57/EC on energy efficiency in these domestic appliances. By examining the European origins of British SIs it is possible to trace an important indicator of the impact of European legislation on the British political system.

## DATA AND METHODS

HMSO and Context Ltd publish all SIs issued since 1987 on CD Rom (see Context 1997). 27,999 SIs were downloaded and their contents coded using indexing software. There are two possible ways of determining the central variable examined in this note – the European origin of an SI. First, one can look at the SIs themselves. Since these contain footnotes as well as Explanatory Notes which, where applicable, refer to the directive, regulation or other form of European legislation to which they relate, it is possible to trace the impact of Europe in the text of the British SIs (Cabinet Office 1987, pp. 30, 135–6). Second, one can use the CELEX (1997) database of European legislation which, for every EU law, contains references to the national legislation which implements it.

The first method was used because not all SIs that are related to European legislation appear to be contained in the CELEX database as ‘implementing’ a particular piece of European legislation. SIs which amend, apply or are otherwise a consequence of other legislation implementing or applying European legislation appear to be generally omitted from the CELEX database. Some examples of UK SIs omitted from the CELEX database include The Insurance (Lloyd’s) Regulations 1996, which applies a series of European directives to Lloyd’s Underwriters; The European Parliamentary Elections

(Amendment) Regulations 1992, which make technical adjustments to previous legislation on the conduct of European Elections in Britain, and The Import and Export (Plant Health Fees) (England and Wales) Order 1988, which amends fees for the inspection of plants mandated under the Plant Health (Great Britain) Order 1987, which itself implements Council Directive 79/93/EEC. Where the relationship between the EU legislation and the UK legislation is less direct, reference to the UK legislation is less likely to be included in the CELEX database. Consequently, the CELEX database underestimates substantially the European impact on British delegated legislation.

## RESULTS AND DISCUSSION

The text of the Explanatory Note as well as the footnotes of each SI was examined for references to European legislation. Of the 27,999 SIs issued between 1987 and 1997, 2,219 contained 'references to European' legislation. The figure that this gives of 7.9 per cent of delegated legislation emanating from Europe, must be qualified. The 27,999 includes 13,033 local SIs very few of which (under one per cent of those for which there was information) contained references to Europe or European legislation. The bulk of local SIs are road regulations which cover matters such as road markings or speed limits on specific stretches of highway. For a further 809 SIs there is little detailed information – generally no more than a title – as most of these are unpublished and most appear to be, from their titles, local SIs. If we restrict ourselves to the remaining 14,157 SIs which are both general and on which we have information, 2,125 or 15.0 per cent make reference to Europe. Thus even if only the types of SI most likely to show some European influence are taken into account, *European law is responsible for under one-sixth of general delegated legislation in Britain.*

A concise indication of the policy areas most affected by European legislation can be given by classifying SIs according to the ministry which issues them or whose powers are affected by them. Often more than one ministry was involved, especially in the case of SIs issued jointly by a functional ministry and one or more of the territorial ministries (i.e. the Welsh, Scottish and Northern Ireland Offices). Since the names of ministries have changed over time, the data are presented using groupings which existed from some of the period but which no longer exist (two separate groupings for Education and Employment and a merged Health and Social Security grouping).

The Ministry of Agriculture (MAFF) is, as one would expect, the most 'Europeanized' ministry, with over one-half of its SIs, 51.3 per cent, related to European legislation. The Northern Ireland Office comes a close second, and largely for technical reasons. Much delegated legislation in Northern Ireland takes the form of Statutory Rules for Northern Ireland which are not included in the database from which the data in this research note have been derived. Agricultural SIs dominate among those set out as involving

the Northern Ireland Office in table 1 (63 per cent of the Northern Ireland SIs in table 1 are issued jointly with MAFF), and thus table 1 gives a somewhat misleading impression of the dominance of agricultural concerns in the Northern Ireland Office as well as an overestimate of the Europeanization of delegated legislation in Northern Ireland. The relatively high levels of Europeanization in the Scottish and Welsh Offices reflect the fact that much of the legislation from these departments is agricultural (39 per cent of the Welsh Office and 32 per cent of the Scottish Office legislation is issued jointly with MAFF).

Leaving aside the Northern Ireland Office, the Department of Trade and Industry is the second most 'Europeanized' ministry. Issues of trade – measures aimed at harmonizing trade and customs tariffs – form a large part of European legislation (see Page and Dimitrakopoulos 1997). The Department of Transport, another ministry with above average proportions of legislation shaped by European laws, has many European SIs dealing with motor vehicle construction, operation, licensing and fuel.

The apparently high level of 'Europeanization' in the Ministry of Defence, where 26.5 per cent of SIs are European, is surprising since defence is not a competence of European legislation. It is true that the number of SIs in which the powers of the Ministry of Defence or its secretary of state are invoked or affected is small (166 items), but even so, the findings in table 1 need some sort of explanation. Many of the 'European' SIs involving the Ministry of Defence are those relating to the transport of hazardous goods (for example, the Dangerous Substances in Harbour Areas Regulations 1987) which enable the Secretary of State for Defence to allow exemptions to the regulations 'in the interests of national security'. Therefore, the Ministry of Defence's involvement in European regulation appears to be aimed primarily at securing exemptions from European regulation.

TABLE 1 *European influence on SIs 1987–97 by ministry/ministry grouping*

Ministry	% European	N of SIs
Ministry of Agriculture	51.3	1,378
Northern Ireland Office	39.5	577
Department of Trade and Industry	28.6	1,053
Scottish Office	26.7	2,579
Defence	26.5	166
Welsh Office	23.6	2,587
Transport	21.0	1,086
Treasury	14.5	2,325
Employment	14.4	514
Health/Social Security	13.6	2,022
Education	9.1	701
Environment	7.9	1,335
Home Office	7.9	810
Other	18.4	234
All	15.8	11,781*

\* Totals add up to 17,405 due to multiple entries

The Home Office's appearance among the least 'Europeanized' ministries in table 1 is less surprising than that of the Department of the Environment. Home Office functions of police, immigration and law and order are not yet substantial legislative functions of the European Union. Environmental regulation is, however, an area in which EU regulation is crucial to national policy frameworks. Environmental regulation does dominate the body of 'European' SIs issued by the Department of the Environment, but the numbers are dwarfed by the large volume of non-European SIs in other areas of the Department of the Environment's responsibility, such as housing and local government.

Is there an increase in the impact of European legislation? Figure 1 plots the changing proportion of legislation which is European in origin between 1987 and 1997. It does not show a gradual increase in European as a proportion of all general SIs. There was a sudden increase in European-influenced SIs in 1992, possibly resulting from the creation of the European Single Market. After 1994, once this legislation had been passed, and the European Single Market legislation transposed into UK law, the impact of European legislation on UK SIs diminished. The figure for 1997 suggests a drop back to 1987 levels, although since the 1997 figure is based upon incomplete data (it contains only around one-sixth of the number of SIs likely to be issued) it is important not to place too much reliance on it. It is also possible that the decline in the impact of EU legislation on UK delegated legislation results from the decrease in the amount of European legislation following the Commission and the Council's commitment to 'subsidiarity' (European Commission 1997). One must, however, be cautious when dealing with claims that subsidiarity has suppressed much EU legislation: the volume of Council directives has dropped (from a 1990s high of 87 in 1992 to 41 in 1996), but the overall volume of all forms of

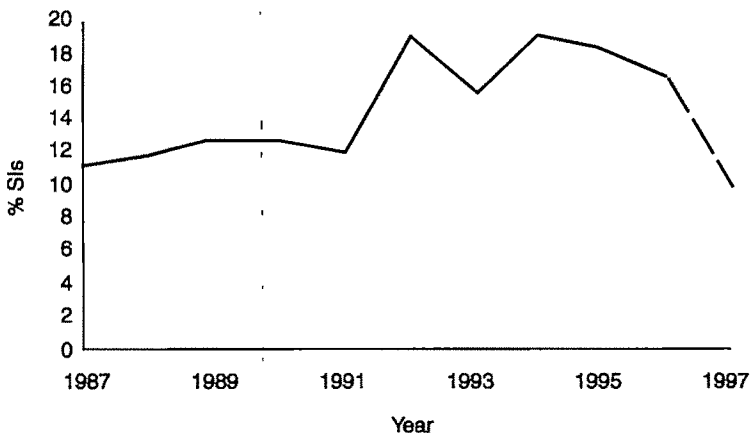


FIGURE 1 *Percentage of 'European' SIs 1987-97*



major EU legislation (i.e. directives and regulations) from the Commission and the Council rose dramatically in 1995 (to 3,154 from an average over the previous five years of 1,535). It fell back only slightly in 1996 (to 2,584). We will not know for a few years yet whether the increase in European influence on UK SIs will decline to pre-1991 levels, will settle at a new, higher plateau, or rise once again.

## CONCLUSIONS

SIs offer an interesting means of assessing the scope of the impact of EU legislation on British public policy. This method cannot replace the more conventional approach of examining the contribution of European legislation to the framework of public policy in particular functional areas, but offers a useful additional perspective. Moreover, an examination of SIs cannot fully gauge the Europeanization of public policy in the justice and home affairs and common foreign and security policy 'pillars', since the EU's influence in these areas is not exercised by legislation. However, despite these limitations the method is useful; in some cases it confirms the obvious, but it also allows one to trace some of the less obvious ways in which European legislation affects British public policy.

If we return to the broader question of the Europeanization of politics and policy making, the evidence suggests that we may have to refine the way in which we think about the impact of Europe on the British political system. On average, fewer than one in six SIs could be traced to European legislation. Even in the most 'Europeanized', area of public policy, agriculture, nearly one half of all legislation had no obvious connection with European legislation. Of course, it is quite possible that some, if not all, of this one-sixth (or one half) of legislation emanating from Europe was more important than the rest, or even constrained and shaped much of the rest in ways which are not so easily traceable from looking at the SI itself. Even if this is the case, it suggests that the 'ongoing Whitehall process' (Rose 1984) which produces SIs is affected by EU membership in a different way to that suggested by some of the general theoretical arguments about 'globalization' and 'Europeanization'. The idea that levels of government are becoming increasingly interlocked needs to be treated with caution since it is simply not supported by the evidence in this note. The ongoing Whitehall process continues to be a Whitehall process. Some of this process involves the implementation (in the sense of transposition into UK law) of European decisions, but, once implemented, much of the process can carry on without direct reference to Europe.

This in turn suggests that the impact of Europe might not necessarily be to produce multilevel government in which everything is negotiated between nation states or national state bureaucracies and the EU, or an eradication of the boundaries between international and domestic policy making, but a more traditional 'separate authority' federal model (see Wright 1978; Scharpf 1994) in which there are separate spheres of authority

and activity. The interaction between levels of government in many non-routine policy processes might be one of interpenetration and multilevel bargaining, but we cannot yet assume that this multilevel model of relationships runs very deep into the grain of policy making in Britain.

## ACKNOWLEDGEMENT

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## REVIEWS

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### IN PURSUIT OF GOOD ADMINISTRATION, MINISTERS, CIVIL SERVANTS AND JUDGES

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**Diana Woodhouse**

Clarendon Press, 1998, 247 pp. £40.00

This book reaffirms the calls that have come from various quarters over the years for the promulgation of a UK Code of Good Administration. Its backcloth is the new public management revolution that has transformed the civil service. The author is concerned about the tensions that have arisen from the displacement of a 'traditional' public service model (characterized by probity, integrity, impartiality, etc.) by a goal-driven public management for which 'the means by which the goals are achieved hav[e] little or no intrinsic worth.' The nub of her case rests on arguments many of which will be very familiar to readers of this journal: that business management, and the values associated therewith, do not always sit comfortably with traditional public administration, and that a 'devaluing of processes' must be seriously detrimental to a view of public service that attaches value to means as well as to ends. Having argued that there seems to be a widening gap between prevalent public management values and the more traditional approaches to good administration favoured by the courts and by the Parliamentary Commissioner, she goes on to argue that an enforceable code is needed to provide clear benchmarks in this world that is in such turbulent transition between old and new.

The first chapter of the book provides an overview of the main themes. The following two chapters deal, respectively, with the main characteristics and criticisms of the 'public service' and the 'new public management' models of good administration, dealing in particular with aspects of accountability. Chapter four focuses on the role of the Parliamentary Commissioner for Administration in articulating standards and criteria of good administration; the author looks at the relationship between the role of the PCA and the next steps agencies (the Child Support Agency is singled out for particular attention), the Citizen's Charter (with special reference to redress of grievances) and the Code of Practice on Access to Government Information.

Part two consists of four chapters about 'judicial perspectives' on good administration. The first two of these chapters look generally at the changing (and increasingly problematical) relationship between the legal system – itself caught up in the NPM changes – and governments who are the authors of such changes. Some of the material in chapter 6 – which includes discussion of executive-judicial disputes over sentencing policy, of the pressure applied (unsuccessfully) by Lord Mackay to persuade the President of the Employment Appeals Tribunal to save public money by refusing preliminary hearings in apparently hopeless cases, and of the Scott Inquiry – though quite interesting, seems a bit tangential to the book's central theme.

The NPM revolution has been accompanied, more or less coincidentally, by an interesting growth in the incidence of judicial review, a trend that is likely to gain added impetus in the aftermath of the incorporation of the European Convention on Human Rights. Two chapters focus on recent judicial review cases: the first seeks to analyse what judges consider to be 'good administration' in giving redress to individual citizen-litigants (in terms of criteria such as openness, consistency, fairness and the giving of reasons); the second of the chapters looks at judicial review in relation to wider 'public interest' criteria (such as the need for speed, certainty and efficiency in the administrative process). There is a chapter that offers lessons from recent Australian experience (the reason for choosing this country is not really

explained). Finally, the author lays out her case for a Code of Good Administration, drawing in particular upon the 1971 JUSTICE proposals and the Commission for Local Administration's 1993 guidance booklet on *Good Administrative Practice*, with its 42 'principles or axioms of good administration'.

The book's strongest point is its interdisciplinarity: it offers an interesting synthesis of legal and public management materials. But the book is based almost entirely on published sources and little of it is new. Some of its content seems of peripheral relevance to the central message – and some of it (though this is not the author's fault) is already in need of updating to take on board aspects of the Blair reform agenda. There are some errors and begged questions (one might dispute, for example, whether there is any such thing as a 'constitutional requirement' of civil service anonymity); indeed it might be contended that the case for an enforceable Code of Good Administration is much less self-evident than the author would have us believe. This is a useful, though slightly uneven, book that would have been much improved had it properly addressed the counter-arguments – in particular the potentially pathological legalistic rigidities that may accompany increased codification.

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## SCOTS PUBLIC LAW

Mungo Deans  
T & T Clark, 1995. 244 pp. £32.50 (paper)

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## ADMINISTRATIVE LAW IN SCOTLAND

Valerie Finch and Christina Ashton  
W. Green/Sweet & Maxwell, 1997. 523 pp. £32 (paper).

Over the last thirty years, the literature of Scots law has expanded considerably, but in the field of public law within it only sporadically. The late John Mitchell's *Constitutional Law* appeared in a second edition in 1968 but, even for those who admired his wide learning and lapidary prose, the substantive detail has for some years been too out of date for the book to merit anything more than guarded recommendation. The *Stair Memorial Encyclopaedia* (*The Laws of Scotland*), published in volumes from 1987 onwards, is a magnificent contribution to the literature of the jurisdiction and, if its multi-authored title on 'Constitutional Law' is one of the less satisfactory elements, its title on 'Administrative Law' by Professor A.W. Bradley has been respected and admired. These volumes, however, given their price and format, are unlikely to be found on students' shelves, but will reside principally in the better libraries and more enlightened practitioners' offices.

The two books under review are primarily student texts, and therefore the publishers of the first can reasonably claim that it 'meets the long-standing need for a comprehensive account of the public law of Scotland', while the publishers of the second can justifiably claim to 'furnish the Scottish market with the first textbook devoted specifically to the study of administrative law'. These are perhaps sufficient reasons to give the books a warm welcome.

The gaps which required to be filled are equally liable to be overlooked or overstated. There are differences from English public law, which some writers have disregarded at their peril. Yet constitutional and administrative law are not comparable in this respect to, say, criminal procedure or land law, where reliance on English texts would be foolhardy. The constitution

is, at least in many respects, a *British* constitution, with the institutions and law of the legislature and the executive common to the nations and jurisdictions comprised in the United Kingdom, and so English books and periodicals are not conspicuously (and sometimes not at all) inapt. Rather similarly, in the law of judicial review, there are some differences on procedural and adjectival matters, but the law on grounds of review has been confirmed to be the same in Scotland as in England.

Thus commonality poses a dilemma for any author seeking to write about public law from a Scottish perspective, and it is one which Mungo Deans does not entirely resolve. His book, he says, is 'intended to complement, rather than entirely to replace, the established United Kingdom textbooks' (p. vii), which is given as justification for acknowledged neglect of some subjects well covered elsewhere. But what is surprising, in the light of this prefatory warning, is just how much space is devoted to such subjects. There are occasional errors in the text, as for example when a disclaimer of a hereditary peerage is ascribed to a date before the procedure for renunciation had been introduced (p. 10) or one resigning minister is wrongly acquitted of personal knowledge (p. 52), while another is charged with a greater peccadillo than he admitted to (p. 57). However, generally the book is quite serviceable, and benefits from a clear and readable style which students will appreciate. The usefulness of the book will be especially apparent in those areas of law, such as aspects of civil liberties, which are more distinctively Scottish, and on which there is at least greater emphasis.

Valerie Finch and Christina Ashton, confronting the same dilemma as Deans, respond by giving full coverage to those parts of administrative law which are 'British' as well as those which are peculiarly Scottish. Thus an introductory chapter is followed by chapters on the doctrines of the constitution, ministerial responsibility, the structure of government, subordinate legislation, access to information, ombudsmen and tribunals and inquiries, before the emphasis moves to judicial redress in the remaining eight chapters. The advantage of this approach is that the book is self-standing, and students will find a clear and fairly comprehensive account of the subject within its covers. For more experienced students, the material in chapters 2 to 8 will be familiar, and the treatment, generally sound enough and up to date, is not innovative. Some sections, such as those on ministerial responsibility and on the changing face of executive government, are well composed, others such as those on official secrecy (which does not distinguish the civil law of confidence properly) and on what are alleged to be 'the three doctrines of the constitution applicable in the United Kingdom' (p. 7) are rather less satisfactory (in the latter the incapacity of judges to review the validity of an Act of Parliament is wrongly described as a convention).

The authors have perforce had to break newer ground in the second half. Their chapters on judicial review procedures, standing and exclusion of judicial review, and remedies, are clear and informative, without being too ambitious. The chapters on the scope and grounds of review will also be useful resources, although they are rather more patchy. The treatments of error and of entitlement to procedural fairness do not cohere very well, and the linkage of EC and ECHR law is exaggerated. For the most part, the accounts are quite satisfactory, but consist of recitals of cases, without very much by way of commentary or, at times, synthesis. To say, as the authors do at one point, that 'the English courts tend to be quicker than the Scottish courts to adopt the new principles' (p. 313) may be justified, but the comment does not entirely absolve scholars from portraying the dynamic of the subject. On a point of trademark, readers are too frequently told merely that 'the court held' or 'it was held', as if it matters not whether the decision-maker was the House of Lords or the Sheriff at Dingwall.

The second book under review is designed for 'the needs of students of all levels from HNC to LL.B.', some of whom will lack access to good libraries. The first book under review is intended 'to provide a clear and concise introduction to the public law of Scotland'. Both succeed in their aims. With the gathering pace of constitutional reform, further editions will be called for and will be welcome.

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## THE MANAGERIAL STATE

J. Clark and J. Newman  
Sage, 1997. 176 pp. £12.99

The sweeping changes that have affected British public administration and management over the last twenty years have been well documented. What has been less forthcoming, however, has been a serious consideration of what the move towards a new style of managing and providing public services entails. The book under review attempts to do this by examining the implications of the development of a 'managerial' state for the relationships between the state and the citizen, the public and the private, providers and recipients of services, and 'politics' and 'management'.

These sets of relationships are examined through a number of theoretical perspectives ranging from fairly traditional public administration through to discourse analysis and the 'new' institutionalism. The emphasis is firmly placed upon how these perspectives can illuminate the understanding of the managerial 'revolution' and on how this revolution has generated its own momentum of continuing change.

The complexities and inconsistencies of the development of the 'managerial state' are well handled, illustrating the continually contested nature of this process not only at the political level but also at the administrative/managerial one. The idea that the solution to the perceived problems of the welfare state rested in giving managers the 'right' to manage is clearly shown to be too simple an approach to the many, often contradictory, difficulties that were present within the post-war settlement.

Regardless of the inconsistencies and lack of coherence of many of the ideas and arguments that are associated with the many versions of managerialism that exist there has quite clearly been a shift in thought towards accepting a logic of managerial change in the public sector. The ways in which this logic is confronted, and the implications of it for future change, are clearly political in nature, undercutting some managerial thought which sees itself as some form of rational apolitical approach to common problems of organizing and delivering goods and services. The failure to accept the politics of managerial change can be seen to be a major factor in many of the instances where the ideas of change fall down in practice, particularly where the relationship of policy and its management and administration is concerned. By clearly seeing the process of change as having a political as well as a managerial dimension the authors make apparent why the move towards a 'managerial state' has been as problematic as it has been.

While the logic of managerial change has been influential, the relationship of this logic with broader trends affecting the state is rather underargued by the authors. The usual suspects are lined up – the economic crises of the 1970s and 80s, the resurgence of New Right arguments about the pernicious nature of state intervention, and so on – but these are not developed into any larger argument that would make sense of why these came together as they did to place managerialism in the forefront of recent developments. Some macro-theory in this case would have been helpful. The meso-theoretical approach that is adopted goes a long way towards explaining the details of what has been occurring but these need to be located within a broader theoretical perspective to fully explain the managerial phenomenon.

Overall, this book is to be highly recommended. As a counter to the more vapid utterances of some of the new managerialists it carries a lot of force; as an analysis of the implications of the managerial 'revolution' it is thorough and makes sense of the complexities of the subject. The emphasis of it on the welfare state itself means that some of the arguments that are developed might strike experts in other policy areas (from foreign affairs to the arts) as being perhaps overstated or barking up the wrong tree but this is to underestimate the importance of the overall case that the authors are making. Their points should make the reader think about what precisely lies behind the new managerialism and for that reason

should be read by everyone with a concern for the management and administration of the public sector.

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## MANAGING PEOPLE IN THE PUBLIC SERVICES

**David Farnham and Sylvia Horton**  
Macmillan Business, 1996. 399 pp. £15.99

The declared aim of this book is to describe and analyse the changing patterns of people management in the public services. The general thrust is that these changes can be most easily, though not exclusively, associated with the election of the Conservative Party to power in 1979 (and subsequent victories). This unleashed a political ideology which sought to reduce the size of the public sector and to introduce the discipline of private sector management practices, which were held to be better and more businesslike. Becoming more like a business, either through privatization or through the adoption of management as practised in the private sector which is the main focus here, has recently been described by various commentators as a shift (paradigmatic for some, transformative for others, and not proven for a few heretics) from old public administration to new public management (NPM). This book concurs with the direction of this shift while also highlighting a corollary which comprises the book's differentiating feature: that is, pointing to a change in way *people* are managed in the public services. Hence, paralleling the rise of NPM, we also have the rise of NPM (new personnel management) where the shift is described in terms of moving from TPM (traditional personnel management) to NPM (new personnel management). This is said to involve significant changes in people management policies, activities and systems and it is the identification and discussion of this shift during the 1980s and 1990s in the UK which forms the core of this book.

Part One of the book comprises two chapters by Farnham and Horton which set out the background to the UK's public services. Chapter One gives the background to the rise of new public management: from the political agenda of women, to the changing nature and role of management in public services, through the familiar lineage of Fulton, Hestletine's Minis, Rayner, FMI, Next Steps, CCT and market testing, the Citizen's Charter, fundamental expenditure review and re-engineering, etc. Chapter Two focuses more on the characteristics of TPM as related to the general historical development of the public services starting with the emergence of the public services and the civil service with Northcote-Trevelyan, through Bains and local government, while featuring matters of recruitment, pay and superannuation.

This is obviously broad brush and it is given more detail in Part Two of the book, which comprises five chapters or case studies, not all by the authors, chronicling changes which have taken place in people management in respectively (with authors): The Civil Service (Horton); The National Health Service (Corby); Local Government (White and Hutchinson); Education (Farnham and Giles); and The Police (Horton). The style varies amongst chapters, partly because of differences in writing style, but also due to the fact that there are said to be differences in the pattern of adoption; for example the Police, it is said, have probably been the least affected by the changes. However, by and large, the case studies testify that changes have taken place, and that the direction if not the detailed pattern across the public services is similar. Something big with broadly similar outcomes is going on and the question is how do we account for it?

Part Three is a concluding chapter by Horton and Farnham in which they seek to assess the nature and extent of NPM. They do this by contrasting it with TPM and conclude that

NPM has five essential distinguishing features: a strategic personnel function; a rational style of management; flexible employment practices; a mixture of collectivist and individualistic patterns of industrial relations; and a new role for the state in people management. This for me is the weakest part of the book in that I was expecting something more by way of a theoretical account as to how we make sense of all these changes. And while the pressures for people management change are explained via a three-fold contingency model – political, managerial, and socio-technical, this is late and truncated. I would have liked to have read more about this as I would of the ideas of Sisson on human resource management where he is quoted as saying even in the private sector the rhetoric of HRM is very different from the reality. (Does this mean that perhaps the private sector hasn't cracked it, or even that it is not a good model for the public services to follow?) But again this is too little too late as also is the tactic of offering in the conclusion of this final chapter, an 'interpretation of the drift to NPM' via the three perspectives of managerialism, labour process, and politico-economic.

Overall I felt this to be a very good book which satisfies its stated aims if you don't put too much stress on the analytic dimension. I felt much better informed about the changes that have taken place under NPM (both varieties) and it will be much appreciated by students with an interest in HRM in the public services, which are many and growing. But what is still needed is an appreciation of how this has all come about. As Ferlie *et al.* (E. Ferlie, L. Ashburner, L. Fitzgerald & A. Pettrigrew 1996, *The New Public Management in Action*. Oxford: OUP) have noted, there seems to be little written in the public services about the *process* of changing. And this is important because a theory of changing might assist us in understanding not only what was done under the Conservatives (and which the book deals with), but also what is happening under New Labour. Already people (G. Boyne, 1998, 'Public services under Labour', *Public Money and Management* 18 3, 43–50) are asking if the public services under New Labour are moving back to bureaucracy (and who knows, perhaps to TPM?). Our goal must not just be to chronicle change in the public services, but to understand it as well. This book does an excellent job of the former if not, for me at any rate, the latter.

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## MANAGING COMPLEX NETWORKS: STRATEGIES FOR THE PUBLIC SECTOR

Walter J.M. Kickert, Erik-Hans Klijn and Joop F.M. Koppenjan (eds.)  
Sage Publications, 1997. 206 pp. £13.99

Devoted to the research programme on governance and networks associated with the 'Erasmus school', the fundamental premise of this book is that 'public policy making and governance ... take place in networks consisting of various actors ... none of which possesses the power to determine the strategies of the other actors' (p. 9).

Following an initial overview, part 1 of the book explores the theoretical roots of the network approach and the concept of network management. The chapters in part 2 look in more detail at network dynamics and management, while part 3 critically reflects on the findings and considers directions for further research.

The book develops a typology of the attitudes of governmental organizations towards networks – refraining from engagement; participating as an equal partner; seeking to impose solutions on other network parties; or taking up the role of network manager. Its important contribution is in respect of the latter, examining in some detail the strategies available to



public bodies for managing networks, albeit recognizing the need for further empirical research on their efficacy.

This is complemented by the analytical refinement provided by three theoretical perspectives on network management, respectively focusing instrumentally on a steering network actor, the interactive processes themselves and network institutional characteristics – tracing relationships between each of these perspectives and network management strategies.

Part 1 of the book contains as lucid an exposition of policy network theory and network management as one is likely to encounter. The contributors, moreover, shift the emphasis from the limits networks place upon governmental steering to the opportunities they present for public policy making. Network management offers the prospect of achieving results which would elude government acting alone. This is also in refreshing contrast to the pessimistic view of government capability that had become the prevailing orthodoxy from the late-1970s.

The methods, techniques and instruments for network intervention provide a repertoire of strategies to facilitate joint decision making and action in complex situations of interdependence. The skills required are very different from those appropriate to the vertical authority structures embedded in classical hierarchies. Some attempt is even made to establish how the quality of the associated processes and their policy outcomes might be evaluated given the inadequacy of traditional evaluation criteria.

There is nonetheless a curious paradox at the heart of this work noted by Rhodes in his Foreword. The book contains a critique of the managerial (business-like) reforms of recent years, with their lack of regard for the distinctive value base and setting of public policy, resulting as this does from complex interactions between a variety of actors. Yet, its weakness stems precisely from its own managerialist bias!

Some account is taken of democratic accountability and the normative issues arising from the problematic nature of responsibility, transparency and democratic control in networks. Also, one of the more compelling arguments for government taking on the role of network manager is acknowledged: 'Public organizations are in an obvious position to ensure that the interests of unrepresented or underrepresented groups are safeguarded' (p. 60). Nonetheless, the chapters in part II highlight just how unpredictable a game network management can prove to be, the risks of intervening and the dilemmas/tensions generated for public organizations by their involvement.

Moreover, the asymmetries of power tends to be a sub-plot in this book with, if anything, greater explanatory importance attached to the cognitive rather than power dimensions of network dynamics. This despite the important distinction made in the book between 'game management' and 'network structuring' – that is between managing interactions within networks and building or changing the institutional arrangements that make up the network. Neglect of the latter may explain the tendency in the networking literature to under-estimate the 'steering' capacity of the centre.

This has a resonance for intergovernmentalism as a new power game unfolds between the centre and the localities under New Labour. Some of the relevant issues receive recognition in the chapter dealing with the management of networks for the local implementation of policy, i.e. the importance of national decision makers in defining the constraints that shape the 'action space' within which local implementation takes place. Central actors do control certain unique resources and anticipation of central intervention impinges upon local network bargaining.

But it is a pity that this book does not provide more insights relating to these strategic contexts – including the broader macro environment. The spectre of 'levels of analysis' is never far away! Nonetheless, it fills an important gap in the networking literature and for that reason alone warrants close attention.

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## THE APPOINTED STATE: QUASI-GOVERNMENTAL ORGANIZATIONS AND DEMOCRACY

**Chris Skelcher**

Open University Press, 1998. 205 pp. Price not known

Like governments before them, after making many anti-quango statements in opposition the Labour government has realized just how useful quangos are and the topic has, for now, slipped off the public and political agenda. In light of this fact Chris Skelcher's excellent analysis of the change in the governance of Britain from elected to unelected bodies marks a much needed and timely contribution to the debate.

Skelcher sets out four main arguments which are explored and developed within the book: the recent growth in quasi-government is a highly significant development that contradicts the conventions of democratic practice and good governance; that the exercise of patronage, which is inevitably associated with appointments, is much more complex than is commonly accepted; that the problem of quangos raises wider questions about the nature of the British governmental system and the relationship between the citizen and the state; and finally, that the declining impetus for quango reform following the change in government in 1979 should be taken as a warning of what may happen under the current government.

Drawing on Skelcher's research at the Institute of Local Government Studies (INLOGOV), the book explores a remarkably wide range of issues and topics with a depth and clarity which makes the text accessible to students at all levels but of equal use to academics with an interest in quasi-government. Of particular value is the author's attempt to place the growth of quangos within a theoretical analysis using public choice theory, managerialist and ideological control perspectives and, at a more abstract level, regulation theory. The wider literature on quasi-government has been devoid of firm theoretical foundations and this section of the book marks an important and valuable departure from the norm.

The book is refreshing in that it approaches the topic in a 'non-hysterical' way which accepts both the positive and negative aspects of quasi-government. The final chapters offer a sensible reform agenda with specific proposals to cover appointments, governing quangos, increasing accountability and augmenting the regulatory framework in which they operate. Skelcher concludes by positioning the 'quango debate' within the wider debate about the nature of democracy in the United Kingdom. The task, therefore, is not specifically to reform quangos but to arrive at a new settlement between state, citizen and the intermediate institutions of civil society and, as part of this, to resolve problems of accountability inherent in the present system' (p. 183).

Quangos are here to stay. No longer are the debates about maintaining or abolishing quangos sufficient. The aim now is to move on and design a new constitutional settlement between appointed bodies, elected bodies and the public. Skelcher's 'new public governance' encapsulates this argument and points the debate in the right direction.

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## WHAT IS EUROPE?

**Richard Rose**

HarperCollins, 1996. 363 pp. £12.99

Europe is and has always been an extremely heterogeneous, and in important respects deeply divided, continent. This is no more clearly seen than in the ways in which both its internal

and external boundaries have never been either clear or fixed but rather have been contested and shifting.

The main problems regarding the external boundaries have been in the east, where the lack of an ocean or sea boundary such as exists to the north, west, and south, has resulted in attention being focused on human characteristics, most particularly race and religion. How far can Europe be regarded as spreading before the peoples become non-European in some identifiable sense? Inevitably no hard and fast answer can be given to this question, not least because, as Richard Rose notes in this book, 'Europeans differ about almost everything imaginable.'

As for Europe's internal boundaries, they have been subject to almost continual change and disputation. If attention is restricted just to the era of the nation state – say the last 150–200 years – numerous boundaries have been drawn, and in many cases then redrawn. They have been so both at the European level itself and at the nation state level. At the European level, old empires have collapsed (the Austro-Hungarian, the Ottoman, and the Russian), and new empires have been created and then themselves collapsed (the German Nazi and the Soviet Communist). At the nation state level, territorial issues of many different kinds – often related to national, religious, and linguistic identities – have resulted in significant boundary realignments occurring down to the present day, as witnessed in the 1990s by the reunification of Germany, the splitting up of Czechoslovakia, and the fragmentation of the former Yugoslavia.

Europe has thus never had a very clear identity in terms of its boundaries or the characteristics of its peoples. According to Rose, however, it is beginning to establish an identity, or at least a significant measure of commonality, in political science terms. In his view, 'the defining characteristic of Europe today is *democracy on a continental scale*'. The development and many different dimensions of this characteristic constitute the central focus of this book.

The book is essentially a comparative European politics text organized around five main themes: modern historical development; democracy and democratization; representation; making public policies; and increasing interdependence. Material on these themes is drawn from 23 countries – from the Baltic to the Mediterranean and from Ireland to Bulgaria – for the purpose of comparing central properties of European political systems.

As is to be expected with Rose, the task is undertaken in an extremely thorough manner. The book is wide-ranging, informative, well organized, and – perhaps most important of all if it is to be successful in serving its apparent main purpose as an undergraduate teaching text – lively and interesting. The absence of a rounding-off conclusion that returns to the question posed in the book's title is odd and somewhat disappointing, but otherwise there is little with which to find fault.

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